

separately for urban and rural hospitals. The final groupings by geographic location are by census divisions, also shown separately for urban and rural hospitals.

The second part of Table I shows hospital groups based on hospitals' FY 2004 payment classifications, including any reclassifications under section 1886(d)(10) of the Act. For example, the rows labeled urban, large urban, other urban, and rural show that the number of hospitals paid based on these categorizations after consideration of geographic reclassifications are 2,605, 1,582, 1,023, and 1,444, respectively.

The next three groupings examine the impacts of the final changes on hospitals grouped by whether or not they have GME residency programs (teaching hospitals that receive an IME adjustment) or receive DSH payments, or some combination of these two adjustments. There are 2,932 nonteaching hospitals in our analysis, 880 teaching hospitals with fewer than 100 residents, and

237 teaching hospitals with 100 or more residents.

In the DSH categories, hospitals are grouped according to their DSH payment status, and whether they are considered urban or rural after MGCRB reclassifications. Therefore, hospitals in the rural DSH categories represent hospitals that were not reclassified for purposes of the standardized amount or for purposes of the DSH adjustment. (However, they may have been reclassified for purposes of the wage index.)

The next category groups hospitals considered urban after geographic reclassification, in terms of whether they receive the IME adjustment, the DSH adjustment, both, or neither.

The next five rows examine the impacts of the final changes on rural hospitals by special payment groups (SCHs, rural referral centers (RRCs), and MDHs), as well as rural hospitals not receiving a special payment designation. The RRCs (148), SCHs (497), MDHs (250), and hospitals that are both SCH

and RRC (75) shown here were not reclassified for purposes of the standardized amount.

The next two groupings are based on type of ownership and the hospital's Medicare utilization expressed as a percent of total patient days. These data are taken primarily from the FY 2000 Medicare cost report files, if available (otherwise FY 1999 data are used). Data needed to determine ownership status were unavailable for 122 hospitals. Similarly, the data needed to determine Medicare utilization were unavailable for 106 hospitals.

The next series of groupings concern the geographic reclassification status of hospitals. The first grouping displays all hospitals that were reclassified by the MGCRB for FY 2004. The next two groupings separate the hospitals in the first group by urban and rural status. The final row in Table I contains hospitals located in rural counties but deemed to be urban under section 1886(d)(8)(B) of the Act.

TABLE I.—IMPACT ANALYSIS OF FINAL CHANGES FOR FY 2004 OPERATING PROSPECTIVE PAYMENT SYSTEM [PERCENT CHANGES IN PAYMENTS PER CASE]

| | Number of hosps. ¹ | Revised outlier pol- icy ² | Transfer changes ³ | New wage data ⁴ | New wage index with- out CAHS ⁵ | New wage index with- out CAHS & NPHYS. part B ⁶ | DRG Recal ⁷ | DRG & Wage index changes ⁸ | MGCRB reclassi- fication ⁹ | All FY 2004 changes ¹⁰ | All FY 2004 changes w/o FY 2003 outliers ¹¹ |
|---|----------------------------------|---|----------------------------------|-------------------------------|---|--|---------------------------|--|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) |
| By Geographic Location: | | | | | | | | | | | |
| All hospitals | 4,049 | 0.0 | -0.2 | -0.3 | -0.2 | 0.0 | 0.0 | 0.0 | 0.0 | 1.8 | 3.2 |
| Urban hospitals | 2,564 | -0.1 | -0.3 | -0.3 | -0.2 | 0.0 | 0.0 | 0.0 | -0.3 | 1.2 | 2.9 |
| Large urban areas (populations over 1 million) | 1,488 | -0.4 | -0.3 | -0.3 | -0.2 | 0.0 | 0.0 | 0.0 | -0.4 | 1.1 | 3.2 |
| Other urban areas (populations of 1 million or fewer) | 1,076 | 0.3 | -0.2 | -0.3 | -0.2 | 0.0 | 0.0 | 0.0 | -0.3 | 1.4 | 2.4 |
| Rural hospitals | 1,485 | 0.7 | -0.2 | -0.3 | 0.2 | 0.1 | 0.0 | 0.5 | 2.2 | 5.8 | 5.5 |
| Bed Size (Urban): | | | | | | | | | | | |
| 0-99 beds | 614 | -0.1 | -0.4 | 0.0 | -0.2 | 0.0 | -0.1 | 0.5 | -0.6 | 2.1 | 3.1 |
| 100-199 beds | 914 | -0.6 | -0.5 | -0.3 | -0.2 | 0.0 | 0.0 | 0.1 | -0.4 | 1.2 | 2.9 |
| 200-299 beds | 508 | 0.0 | -0.4 | -0.3 | -0.2 | 0.0 | 0.0 | 0.0 | -0.3 | 1.4 | 2.9 |
| 300-499 beds | 372 | -0.5 | -0.2 | -0.1 | -0.2 | 0.0 | -0.1 | 0.2 | -0.3 | 0.8 | 3.1 |
| 500 or more beds | 156 | 0.5 | 0.0 | -0.7 | -0.2 | 0.0 | 0.1 | -0.4 | -0.4 | 1.4 | 2.6 |
| Bed Size (Rural): | | | | | | | | | | | |
| 0-49 beds | 671 | 0.2 | -0.3 | -0.4 | 0.2 | 0.1 | 0.0 | 0.7 | 0.5 | 6.0 | 5.9 |
| 50-99 beds | 474 | 0.4 | -0.2 | -0.3 | 0.1 | 0.0 | 0.0 | 0.4 | 0.9 | 6.2 | 6.1 |
| 100-149 beds | 203 | 0.8 | -0.2 | -0.4 | 0.2 | 0.1 | 0.0 | 0.3 | 2.8 | 6.0 | 5.6 |
| 150-199 beds | 70 | 1.1 | 0.0 | -0.2 | 0.3 | 0.0 | -0.1 | 0.6 | 4.2 | 4.4 | 3.9 |
| 200 or more beds | 67 | 1.1 | 0.0 | -0.1 | 0.1 | 0.0 | -0.1 | 0.4 | 3.5 | 5.7 | 5.1 |
| Urban by Region: | | | | | | | | | | | |
| New England | 132 | 1.2 | -0.4 | -0.3 | -0.6 | 0.0 | 0.0 | 0.5 | 0.1 | 2.8 | 2.5 |
| Middle Atlantic | 395 | -3.1 | -0.3 | -0.9 | -0.2 | 0.0 | 0.0 | -0.6 | 0.2 | -2.8 | 2.3 |
| South Atlantic | 370 | 1.1 | -0.3 | -0.1 | -0.2 | 0.0 | 0.0 | 0.2 | -0.5 | 2.7 | 3.0 |
| East North Central | 422 | 1.3 | 0.0 | -0.6 | -0.2 | 0.0 | 0.0 | -0.3 | -0.3 | 2.7 | 2.6 |
| East South Central | 154 | 1.0 | 0.0 | 0.1 | -0.2 | 0.0 | -0.1 | 0.3 | -0.6 | 2.9 | 3.1 |
| West North Central | 175 | 1.6 | -0.5 | 0.0 | -0.2 | 0.0 | -0.1 | 0.2 | -0.7 | 3.1 | 2.9 |
| West South Central | 327 | -0.1 | -0.2 | -0.1 | -0.2 | 0.0 | 0.0 | 0.2 | -0.6 | 1.6 | 3.2 |
| Mountain | 130 | 1.5 | -0.2 | 0.5 | 0.0 | 0.0 | -0.1 | 0.8 | -0.5 | 4.4 | 4.1 |
| Pacific | 413 | -2.0 | -0.5 | -0.1 | -0.2 | 0.0 | 0.0 | 0.2 | -0.4 | -0.6 | 3.3 |
| Puerto Rico | 46 | 0.3 | 0.1 | -0.3 | -0.1 | 0.0 | -0.2 | -0.1 | -0.7 | 2.8 | 2.9 |
| Rural by Region: | | | | | | | | | | | |
| New England | 37 | 0.7 | -0.1 | -0.2 | 0.1 | 0.0 | -0.1 | 0.3 | 2.6 | 6.8 | 6.6 |
| Middle Atlantic | 66 | 0.7 | -0.2 | -0.4 | 0.0 | 0.0 | 0.0 | 0.1 | 2.6 | 4.1 | 3.6 |
| South Atlantic | 222 | 1.0 | -0.2 | -0.1 | 0.1 | 0.0 | -0.1 | 0.5 | 2.3 | 5.3 | 4.8 |
| East North Central | 193 | 0.7 | -0.2 | 0.1 | 0.2 | 0.0 | -0.1 | 0.7 | 1.5 | 4.5 | 4.1 |
| East South Central | 231 | 0.7 | -0.2 | -0.4 | 0.0 | 0.0 | 0.0 | 0.2 | 2.6 | 4.7 | 4.4 |
| West North Central | 247 | 0.4 | -0.1 | -0.1 | 0.6 | 0.1 | -0.1 | 0.9 | 1.3 | 7.9 | 7.8 |
| West South Central | 273 | 0.6 | -0.2 | -0.6 | 0.0 | 0.2 | 0.0 | 0.3 | 3.6 | 5.8 | 5.5 |
| Mountain | 121 | 0.3 | 0.0 | -0.3 | 0.2 | 0.0 | 0.0 | 0.2 | 1.5 | 7.1 | 6.9 |
| Pacific | 90 | 0.7 | -0.1 | -0.6 | 0.3 | 0.1 | 0.0 | 0.2 | 2.3 | 8.7 | 8.4 |
| Puerto Rico | 5 | 0.1 | -0.1 | -4.2 | -0.1 | 0.0 | -0.1 | -4.1 | 0.4 | -0.3 | -0.5 |
| By Payment Classification: | | | | | | | | | | | |
| Urban hospitals | 2,605 | -0.1 | -0.3 | -0.3 | -0.2 | 0.0 | 0.0 | 0.0 | -0.3 | 1.2 | 2.9 |
| Large urban areas (populations over 1 million) | 1,582 | -0.3 | -0.3 | -0.3 | -0.2 | 0.0 | 0.0 | 0.0 | -0.2 | 1.2 | 3.1 |
| Other urban areas (populations of 1 million or fewer) | 1,023 | 0.2 | -0.2 | -0.3 | -0.2 | 0.0 | 0.0 | 0.0 | -0.4 | 1.3 | 2.4 |
| Rural areas | 1,444 | 0.6 | -0.2 | -0.3 | 0.2 | 0.1 | 0.0 | 0.4 | 2.1 | 5.9 | 5.7 |
| Teaching Status: | | | | | | | | | | | |
| Non-teaching | 2,932 | -0.1 | -0.3 | -0.2 | -0.1 | 0.0 | 0.0 | 0.3 | 0.3 | 2.6 | 3.7 |
| Fewer than 100 Residents | 880 | -0.2 | -0.1 | -0.2 | -0.2 | 0.0 | 0.0 | 0.2 | -0.2 | 1.3 | 3.1 |
| 100 or more Residents | 237 | 0.4 | -0.2 | -0.7 | -0.2 | 0.0 | 0.0 | -0.4 | -0.1 | 1.2 | 2.4 |
| Urban DSH: | | | | | | | | | | | |
| Non-DSH | 1,349 | 0.5 | -0.2 | -0.2 | -0.1 | 0.0 | 0.0 | 0.2 | 0.0 | 2.5 | 3.3 |
| 100 or more beds | 1,399 | -0.3 | -0.3 | -0.4 | -0.2 | 0.0 | 0.0 | 0.0 | -0.3 | 0.9 | 2.8 |