

TABLE 7.—WAGE INDEX FOR URBAN AREAS—Continued

Urban area (constituent counties or county equivalents)	Wage index
8960 West Palm Beach-Boca Raton, FL	0.9759
Palm Beach, FL	
9000 Wheeling, OH-WV	0.7464
Belmont, OH	
Marshall, WV	
Ohio, WV	
9040 Wichita, KS	0.9200
Butler, KS	
Harvey, KS	
Sedgwick, KS	
9080 Wichita Falls, TX	0.8307
Archer, TX	
Wichita, TX	
9140 Williamsport, PA	0.8125
Lycoming, PA	
9160 Wilmington-Newark, DE-MD	1.0838
New Castle, DE	
Cecil, MD	
9200 Wilmington, NC	0.9524
New Hanover, NC	
Brunswick, NC	
9260 Yakima, WA	1.0330
Yakima, WA	
9270 Yolo, CA	0.9167
Yolo, CA	
9280 York, PA	0.9082
York, PA	
9320 Youngstown-Warren, OH	0.9176
Columbiana, OH	
Mahoning, OH	
Trumbull, OH	
9340 Yuba City, CA	1.0155
Sutter, CA	
Yuba, CA	
9360 Yuma, AZ	0.8859
Yuma, AZ	

TABLE 8.—WAGE INDEX FOR RURAL AREAS

Rural area	Wage index
Alabama	0.7461
Alaska	1.1838
Arizona	0.9233
Arkansas	0.7703
California	0.9987
Colorado	0.9291
Connecticut	1.2134
Delaware	0.9518
Florida	0.8834
Georgia	0.8560
Guam	0.9611
Hawaii	0.9918
Idaho	0.8937
Illinois	0.8221
Indiana	0.8788
Iowa	0.8382
Kansas	0.8002
Kentucky	0.7941
Louisiana	0.7428
Maine	0.8776
Maryland	0.9088
Massachusetts	1.0390
Michigan	0.8848
Minnesota	0.9293

TABLE 8.—WAGE INDEX FOR RURAL AREAS—Continued

Rural area	Wage index
Mississippi	0.7747
Missouri	0.7860
Montana	0.8765
Nebraska	0.8787
Nevada	0.9767
New Hampshire	0.9989
New Jersey ¹	
New Mexico	0.8236
New York	0.8491
North Carolina	0.8424
North Dakota	0.7746
Ohio	0.8784
Oklahoma	0.7506
Oregon	0.9953
Pennsylvania	0.8344
Puerto Rico	0.4002
Rhode Island ¹	
South Carolina	0.8464
South Dakota	0.8162
Tennessee	0.7854
Texas	0.7748
Utah	0.8937
Vermont	0.9269
Virginia	0.8464
Virgin Islands	0.7166
Washington	1.0346
West Virginia	0.7986
Wisconsin	0.9266
Wyoming	0.9073

¹ All counties within the State are classified urban.

D. Publication of Updates to the Federal Rates

In accordance with section 1888(e)(4)(E) of the Act, the final payment rates listed here reflect an update equal to the full SNF market basket, which equals 3.0 percent. In addition, the FY 2004 rates will be adjusted by an additional 3.26 percent to reflect the cumulative forecast error since the start of the SNF PPS on July 1, 1998. We will continue to publish the rates, wage index, and case-mix classification methodology in the **Federal Register** before August 1 preceding the start of each succeeding fiscal year. Along with a number of other revisions discussed elsewhere in this preamble, this final rule provides the annual updates to the Federal rates as mandated by the Act.

E. Relationship of RUG—III Classification System to Existing SNF Level-of-Care Criteria

As discussed in § 413.345, we include in each update of the Federal payment rates in the **Federal Register** the designation of those specific RUGs under the classification system that represent the required SNF level of care, as provided in § 409.30. This designation reflects an administrative presumption under the current 44-group

RUG—III classification system. Our presumption is that any beneficiary who is correctly assigned to one of the upper 26 RUG—III groups in the initial 5-day, Medicare-required assessment is automatically classified as meeting the SNF level of care definition up to the assessment reference date (ARD) for that assessment.

Any beneficiary assigned to any of the lower 18 groups is not automatically classified as either meeting or not meeting the definition, but instead receives an individual level of care determination using the existing administrative criteria. This presumption recognizes the strong likelihood that beneficiaries assigned to one of the upper 26 groups during the immediate post-hospital period require a covered level of care, which would be significantly less likely for those beneficiaries assigned to one of the lower 18 groups.

In this final rule, we are continuing the existing designation of the upper 26 RUG—III groups for purposes of this administrative presumption.

Accordingly, we are designating the following RUG—III classifications:

- All groups within the Ultra High Rehabilitation category;
- All groups within the Very High Rehabilitation category;
- All groups within the High Rehabilitation category;
- All groups within the Medium Rehabilitation category;
- All groups within the Low Rehabilitation category;
- All groups within the Extensive Services category;
- All groups within the Special Care category; and
- All groups within the Clinically Complex category.

Comment: One commenter supported the continuation of our presumption policy based on accurate classification into one of the upper 26 RUG—III groups.

Response: We agree that this policy should be retained.

F. Expiration of Initial Three-Year Transition Period

As noted previously in sections I.A and I.E.2 of this final rule, the initial three-year transition period from facility-specific to Federal rates under the SNF PPS has expired. Therefore, payment now equals 100 percent of the adjusted Federal per diem rate.

G. Example of Computation of Adjusted PPS Rates and SNF Payment

Using the XYZ SNF described in Table 9, the following shows the adjustments made to the Federal per