

TABLE 23.—IMPACT OF CHANGES FOR CY2004 HOSPITAL OUTPATIENT PROSPECTIVE PAYMENT SYSTEM—Continued  
(Percent change in total payments to hospitals (program and beneficiary); does not include hold harmless, corridor, outlier, or transitional pass-through payments)

|  | Number of hospitals (1) | New wage index (2) | APC changes (3) | All CY2003 changes (4) |
|--|-------------------------|--------------------|-----------------|------------------------|
| NO SPECIAL STATUS .....                        | 481                     | −0.2               | 0.3             | 4.0                    |
| RRC .....                                      | 159                     | 0.3                | −0.6            | 3.5                    |
| SCH/EACH .....                                 | 483                     | 0.2                | 0.6             | 4.7                    |
| MDH .....                                      | 249                     | 0.1                | 0.7             | 4.7                    |
| SCH AND RRC .....                              | 78                      | 0.3                | −0.5            | 3.6                    |
| TYPE OF OWNERSHIP:                             |                         |                    |                 |                        |
| VOLUNTARY .....                                | 2,362                   | 0.0                | −0.1            | 3.6                    |
| PROPRIETARY .....                              | 696                     | 0.1                | 0.6             | 4.6                    |
| GOVERNMENT .....                               | 791                     | 0.1                | 0.0             | 3.9                    |
| SPECIALTY HOSPITALS:                           |                         |                    |                 |                        |
| EYE AND EAR .....                              | 13                      | −0.4               | 1.7             | 5.2                    |
| CANCER .....                                   | 11                      | −0.3               | −4.7            | −1.3                   |
| TEFRA HOSPITALS (NOT INCLUDED ON OTHER LINES): |                         |                    |                 |                        |
| REHAB .....                                    | 159                     | 0.5                | 0.3             | 4.6                    |
| PSYCH .....                                    | 167                     | 0.8                | 7.2             | 12.2                   |
| LTC .....                                      | 135                     | 1.8                | 4.3             | 10.3                   |
| CHILDREN .....                                 | 42                      | 0.0                | −1.1            | 2.7                    |

1. Some data necessary to classify hospitals by category were missing; thus, the total number of hospitals in each category may not equal the national total.

2. This column shows the impact of updating the wage index used to calculate payment by applying the FY2004 hospital inpatient wage index after geographic reclassification by the Medicare Geographic Classification Review Board. The hospital inpatient proposed rule for FY2004 was published in the FEDERAL REGISTER on May 19, 2003.

3. This column shows the impact of changes resulting from the reclassification of HCPCS codes among APC groups and the recalibration of APC weights based on 2002 hospital claims data.

4. This column shows changes in total payment from CY2003 to CY2004, excluding outlier and pass-through payments. It incorporates all of the changes reflected in columns 2 and 3. In addition, it shows the impact of the FY 2004 payment update. The sum of the columns may be different from the percentage changes shown here due to rounding.

#### E. Projected Distribution of Outlier Payments

As stated elsewhere in this preamble, we have allocated 2 percent of the estimated 2004 expenditures to outlier payments. In Table 24 below, we provide a table that illustrates the

percentage of outlier payments relative to the total projected payments for the categories of hospitals that we show in the impact table.

We project, based on the mix of services for the hospitals that would be paid under the OPPI in 2004, that most

hospitals would receive outlier payments—approximately 94 percent would receive outlier payments. The anticipated outlier payments for urban hospitals can be expected to ameliorate the impact of the wage index and APC changes on payments to urban hospitals.

TABLE 24.—DISTRIBUTION OF OUTLIER PAYMENTS FOR CY 2004 HOSPITAL OUTPATIENT PROSPECTIVE PAYMENT

|                                | Number of hospitals | Percent of total hospitals | Number of hospitals with outliers | Outlier payments as a percent of total payments (percent) |
|--------------------------------|---------------------|----------------------------|-----------------------------------|---|
| ALL HOSPITALS .....            | 4,352               | 96.4                       | 4,097                             | 2.0   |
| NON-TEFRA HOSPITALS .....      | 3,849               | 85.2                       | 3,831                             | 2.0   |
| URBAN HOSPS .....              | 2,390               | 52.8                       | 2,376                             | 2.1   |
| LARGE URBAN (GT 1 MILL.) ..... | 1,377               | 30.4                       | 1,368                             | 2.3   |
| OTHER URBAN (LE 1 MILL.) ..... | 1,013               | 22.4                       | 1,008                             | 1.9   |
| RURAL HOSPS .....              | 1,459               | 32.2                       | 1,455                             | 1.7   |
| BEDS (URBAN):                  |                     |                            |                                   |   |
| 0–99 BEDS .....                | 546                 | 12.0                       | 534                               | 2.6   |
| 100–199 BEDS .....             | 875                 | 19.4                       | 874                               | 1.8   |
| 200–299 BEDS .....             | 456                 | 10.0                       | 455                               | 2.0   |
| 300–499 BEDS .....             | 364                 | 8.0                        | 364                               | 2.0   |
| 500 + BEDS .....               | 149                 | 3.2                        | 149                               | 2.6   |
| BEDS (RURAL):                  |                     |                            |                                   |   |
| 0–49 BEDS .....                | 694                 | 15.4                       | 691                               | 2.2   |
| 50–99 BEDS .....               | 449                 | 10.0                       | 448                               | 1.8   |
| 100–149 BEDS .....             | 190                 | 4.2                        | 190                               | 1.4   |
| 150–199 BEDS .....             | 65                  | 1.4                        | 65                                | 1.7   |
| 200 + BEDS .....               | 61                  | 1.4                        | 61                                | 1.4   |
| VOLUME (URBAN):                |                     |                            |                                   |   |
| LT 5,000 .....                 | 225                 | 5.0                        | 212                               | 3.0   |
| 5,000–10,999 .....             | 396                 | 8.8                        | 395                               | 3.4   |
| 11,000–20,999 .....            | 529                 | 11.8                       | 529                               | 2.1   |
| 21,000–42,999 .....            | 736                 | 16.2                       | 736                               | 1.9   |
| GT 42,999 .....                | 504                 | 11.2                       | 504                               | 2.1   |