

neutral. This impact analysis compares hospice payments using the FY 2003 hospice wage index to the estimated payments using the FY 2004 wage index. The data used in developing the quantitative analysis for this notice were obtained from the March 2003 update of the national claims history file of all bills submitted during FY 2002. We deleted bills from hospices that have since closed.

Table C below demonstrates the results of our analysis. In column 2 of Table C, we indicate the number of routine home care days that were included in our analysis, although the analysis was performed on all types of hospice care. Column 3 of Table C indicates payments that were made using the FY 2003 wage index. Column 4 of Table C is based on FY 2003 claims (for hospices in business during that time period) and estimates payments to be made to hospices using the FY 2004 wage index. The final column, which compares columns 3 and 4, shows the percent change in estimated hospice payments made based on the category of the hospice.

Table C categorizes hospices by various geographic and provider characteristics. The first row displays the results of the impact analysis for all Medicare certified hospices. The second and third rows of the table categorize hospices according to their geographic

location (urban and rural). Our analysis indicated that there are 1,314 hospices located in urban areas and 840 hospices located in rural areas. The next two groupings in the table indicate the number of hospices by census region, also broken down by urban and rural hospices. The sixth grouping shows the impact on hospices based on the size of the hospice's program. We determined that the majority of hospice payments are made at the routine home care rate. Therefore, we based the size of each individual hospice's program on the number of routine home care days provided in 2002. The next grouping shows the impact on hospices by type of ownership. The final grouping shows the impact on hospices defined by whether they are provider-based or freestanding.

The results of our analysis shows that the majority of hospices are in urban areas and provide the vast majority of routine home care days. However rural hospices will receive a larger percent increase in payment of 0.9 percent in contrast to 0.6 percent for urban hospices.

The greatest increases in payment are for urban Mountain and rural West Central regions with a 2.3 percent and 2.6 percent increase, respectively. The greatest decrease in payment is for rural Puerto Rico with a 5.1 percent decrease and the urban Middle Atlantic region

with a 1.1 percent decrease. With the exception of the Middle Atlantic with a 0.7 percent decrease, the remainder of the rural areas range from 0.1 percent increase in the East North Central to an increase of 2.6 percent in the West South Central. The remainder of the urban areas varies from a decrease of 0.5 percent in Puerto Rico to an increase of 1.8 percent in the West South Central region.

The breakdown by size indicates an increase of 1.3 percent in payment are for hospices with routine home care day under 9,681 while large size hospices with the greatest number of routine home care days will increase by 0.5 percent.

Government owned hospices will have a 1.9-percent increase while voluntary owned hospices with the largest number of routine home care days will receive 0.2-percent increase in payment.

Home health agency based hospices will have a 1 percent payment increase in contrast to a decrease of 0.1 percent for skilled nursing facility based hospices with the lowest number of routine home care days. In contrast, freestanding hospices, which represent the largest number of hospices agencies, with the greatest number of routine home care days will have an estimated 0.7 percent increase in payment.

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