

Board of Governors of the Federal Reserve System, October 20, 2003.

Robert deV. Frierson,

Deputy Secretary of the Board.

[FR Doc. 03-26913 Filed 10-23-03; 8:45 am]

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DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Medicare & Medicaid Services

Notice of Grant Award to Promote Reverse Mortgages for Long-Term Care

AGENCY: Centers for Medicare & Medicaid Services (CMS), HHS.

ACTION: Notice of grant award.

SUMMARY: The Centers for Medicare & Medicaid Services has awarded a grant entitled "A Public-Private Partnership to Promote Reverse Mortgages for Long-Term Care" to the National Council on the Aging (NCOA), 300 D Street SW., Suite 801, Washington, DC 20024, in response to an unsolicited application. The NCOA proposes to work with leaders from the private sector and government to develop a national blueprint for increasing the use of reverse mortgages for long-term care. The total amount of the award is \$295,000 for the period September 30, 2003 through May 30, 2004. The encouragement of reverse mortgages as a means of private sector financing of long-term care expenses for the elderly is a priority issue for DHHS, CMS. Funding of this unsolicited proposal will result in a desirable public benefit based on NCOA's extensive specialized expertise in evaluating long-term care services and financing. The NCOA has a professional staff that is dedicated to understanding the myriad of state and Federal regulations that affect long-term care. NCOA also has many years of experience in defining and developing long-term care issues.

FOR FURTHER INFORMATION CONTACT: Tom Kornfield, Project Officer, Department of Health and Human Services, Centers for Medicare & Medicaid Services, DHHS/ORDI, C3-20-17, 7500 Security Boulevard, Baltimore, Maryland, 21244, (410) 786-8263, or Judith Norris, Grants Officer, Department of Health and Human Services, OICS/AGG/CMS, C2-21-15, 7500 Security Boulevard, Baltimore, Maryland, 21244, (410) 786-5130.

Authority: (Catalog of Federal Domestic Assistance Program No. 93.779, Center for Medicare & Medicaid Services, Research,

Demonstrations and Evaluations) Section 110 of the Social Security Act.

Dated: October 2, 2003.

Thomas A. Scully,

Administrator, Centers for Medicare & Medicaid Services.

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DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Medicare & Medicaid Services

[CMS-8016-N]

RIN 0938-AM31

Medicare Program; Inpatient Hospital Deductible and Hospital and Extended Care Services Coinsurance Amounts for 2004

AGENCY: Centers for Medicare & Medicaid Services (CMS), HHS.

ACTION: Notice.

SUMMARY: This notice announces the inpatient hospital deductible and the hospital and extended care services coinsurance amounts for services furnished in calendar year 2004 under Medicare's Hospital Insurance program (Medicare Part A). The Medicare statute specifies the formulae used to determine these amounts.

The inpatient hospital deductible will be \$876. The daily coinsurance amounts will be: (a) \$219 for the 61st through 90th day of hospitalization in a benefit period; (b) \$438 for lifetime reserve days; and (c) \$109.50 for the 21st through 100th day of extended care services in a skilled nursing facility in a benefit period.

EFFECTIVE DATE: This notice is effective on January 1, 2004.

FOR FURTHER INFORMATION CONTACT: Clare McFarland, (410) 786-6390. For case-mix analysis only: Gregory J. Savord, (410) 786-1521.

SUPPLEMENTARY INFORMATION:

I. Background

Section 1813 of the Social Security Act (the Act) provides for an inpatient hospital deductible to be subtracted from the amount payable by Medicare for inpatient hospital services furnished to a beneficiary. It also provides for certain coinsurance amounts to be subtracted from the amounts payable by Medicare for inpatient hospital and extended care services. Section 1813(b)(2) of the Act requires us to determine and publish, between September 1 and September 15 of each year, the amount of the inpatient

hospital deductible and the hospital and extended care services coinsurance amounts applicable for services furnished in the following calendar year.

II. Computing the Inpatient Hospital Deductible for 2004

Section 1813(b) of the Act prescribes the method for computing the amount of the inpatient hospital deductible. The inpatient hospital deductible is an amount equal to the inpatient hospital deductible for the preceding calendar year, changed by our best estimate of the payment-weighted average of the applicable percentage increases (as defined in section 1886(b)(3)(B) of the Act) used for updating the payment rates to hospitals for discharges in the fiscal year that begins on October 1 of the same preceding calendar year, and adjusted to reflect real case mix. The adjustment to reflect real case mix is determined on the basis of the most recent case mix data available. The amount determined under this formula is rounded to the nearest multiple of \$4 (or, if midway between two multiples of \$4, to the next higher multiple of \$4).

Under section 1886(b)(3)(B)(i) of the Act, the percentage increase used to update the payment rates for fiscal year 2004 for hospitals paid under the prospective payment system is the market basket percentage increase.

Under section 1886(b)(3)(B)(ii) of the Act, the percentage increase used to update the payment rates for fiscal year 2004 for hospitals excluded from the prospective payment system is the market basket percentage increase, defined according to section 1886(b)(3)(B)(iii) of the Act.

The market basket percentage increase for fiscal year 2004 is 3.4 percent, as announced in the final rule titled "Medicare Program; Changes to the Hospital Inpatient Prospective Payment Systems and Fiscal Year 2004 Rates," published in the **Federal Register** on August 1, 2003 (68 FR 45346).

Therefore, the percentage increase for hospitals paid under the prospective payment system is 3.4 percent. The average payment percentage increase for hospitals excluded from the prospective payment system is 3.4 percent.

Weighting these percentages in accordance with payment volume, our best estimate of the payment-weighted average of the increases in the payment rates for fiscal year 2004 is 3.4 percent.

To develop the adjustment for real case mix, we first calculated for each hospital an average case mix that reflects the relative costliness of that hospital's mix of cases compared to those of other hospitals. We then