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# Program Memorandum Intermediaries

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Department of Health &  
Human Services (DHHS)  
Centers for Medicare &  
Medicaid Services (CMS)

Transmittal A-02-94

Date: OCTOBER 4, 2002

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CHANGE REQUEST 2394

**SUBJECT: Annual Desk Review Program for Hospital Wage Data: Cost Reporting Periods Beginning on or after October 1, 1999, through September 30, 2000 (For FY 2004 Wage Index)**

Section 1886(d)(3)(E) of the Social Security Act, "Adjusting for Different Area Wage Levels," requires the Secretary to adjust the proportion of hospital costs attributable to wages and wage-related costs for area differences in hospital wage levels. This adjustment factor, the wage index, reflects the relative hospital wage level in the geographic area of the hospital compared to the national average hospital wage level.

In order for us to comply with statutory and regulatory requirements, we are requesting your assistance in the review and verification of hospital wage data. These data are submitted on the hospital cost report Form HCFA-2552-96, Worksheet S-3, Parts II and III. The attached wage data desk review program is designed to check the clerical and mathematical accuracy of hospitals' wage data. *Remember that the edit thresholds that are included in the desk review program are for CMS and fiscal intermediary (FI) use only. The edit thresholds that we normally include in Sections II and III of the program are omitted from this memorandum. To maintain the confidentiality of our edit thresholds, CMS will mail Sections II and III of the program directly to the FIs through a joint signature memo.*

You will be conducting a desk review on Worksheet S-3, Parts II and III for all short-term acute inpatient prospective payment system (IPPS) hospital cost reports. Include hospitals in the State of Maryland, which are operating under a State cost control system. You will conduct wage data desk reviews on hospitals with cost reporting periods beginning on or after October 1, 1999, through September 30, 2000. If a hospital has more than one cost report beginning during this period (for example, a hospital has two short period cost reports beginning on or after October 1, 1999, through September 30, 2000), you should conduct a desk review on only *one* of the reporting periods. Select the *longest* period. If there is more than one period of that length, select the *latest* period.

**Completed desk reviews are due on or before November 15, 2002, (see attached FY 2004 Wage Index Development Timetable).** Also, all files with reviewed and revised Worksheet S-3, Parts II and III data must be transmitted to and received by the Health Care Provider Cost Report Information System (HCRIS) no later than November 15, 2002. It is not necessary to resubmit to HCRIS any Worksheet S-3 that is unchanged, unless there is a change in the cost report status. **(Note: For hospitals affected by the filing extensions provided by the program memorandum (PM) issued under change request (CR) 2389, submit the wage data according to the instructions in that PM. For these hospitals, the deadline for completing the desk review program and submitting the wage data directly to the Division of Acute Care is December 16, 2002.)**

CMS-Pub. 60A

You must address those items that fall outside the established thresholds in your desk review file. This may be accomplished in many ways, with onsite audit used only as a last resort. You may use telephone contacts and correspondence to request supporting documentation. You may also use empirical knowledge and permanent files to resolve discrepancies.

The importance of accurate data requires that we receive explanations of unusual or aberrant data. If adjustments are necessary, you must communicate them to the affected hospitals. Give the hospitals an opportunity to respond; additional explanation might result in agreement by both parties. Such agreement is desirable, but must not delay the submission of the data to HCRIS beyond November 15, 2002, (or, for those hospitals affected by the instructions under CR 2389, to the Division of Acute Care beyond December 16, 2002).

**FIs must notify State hospital associations regarding hospitals that fail to respond to issues raised during the desk reviews.** The purpose of the letter is to inform the association and its member hospitals that a hospital's failure to respond to matters raised by the FI can result in lowering an area's wage index value and, therefore, lower Medicare payments for all hospitals in the area. CMS will develop a form letter and forward the letter, by e-mail, to all FIs. The FI must complete the letter for each affected State, listing the nonresponsive hospital's (or hospitals') name(s), the Medicare provider number, and the Metropolitan Statistical Area (MSA) name (and number) in which the hospital is geographically located. **The FI must mail the completed letter to the State hospital association and the hospital, and send a copy of the letter to CMS, by early December** (we will specify the due date when we send you the form letter).

CMS will update the wage indexes using wage data reported and submitted to CMS via the cost report. However, you are not required to settle cost reports just for this initiative.

CMS must be able to identify every file containing the final wage data. The proper identification of the cost report status is essential. Refer to the following examples:

- An "as submitted" file already sent to and accepted by HCRIS contains accurate wage data and requires no changes.

ACTION: None

- An "as submitted" file requires changes to the wage data (settlement will not occur by November 15, 2002\*).

ACTION: Transmit the file containing the corrected wage data to HCRIS by November 15, 2002\*. Identify the cost report as an "as submitted" file (MCR Code of 1).

- You settled a cost report; changes are later made to the wage data.

ACTION: Transmit the corrected wage data to HCRIS by November 15, 2002\*. Identify the cost report as a reopened cost report (MCR Code of 4) if the change in the

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\* For hospitals affected by the filing extensions provided by the PM issued under CR 2389, the date is December 16, 2002. The wage data for these hospitals must be submitted directly to the Division of Acute Care according to the instructions in that PM.

wage data causes the settlement amount to change and a new NPR to be issued to the provider. If the change in wage data does not cause a settlement change, then the FI should identify the cost report as final settled without audit (MCR code 2) or final settled with audit (MCR code 3).

- You will settle a cost report with corrected wage data after October 31, 2002, and before November 15, 2002\*.

**ACTION:** If you can transmit the settled file with corrected wage data by November 15, 2002\*, identify it as settled (MCR Code of 2 or 3). Otherwise, transmit the "as submitted" file with corrected wage data by November 15, 2002\*. In the latter case, you must then send a settled file to meet existing HCRIS transmission requirements.

The data received by HCRIS will be downloaded and subject to additional internal CMS edits. While performing your desk reviews, maintain a listing of all hospitals whose wage data continue to fall outside the established thresholds. This listing should include the provider number, your FI number, the threshold(s), and an explanation why the hospital data are outside the threshold(s). CMS may request this information during its internal editing of the wage data. Please be prepared to provide this information to CMS immediately upon request.

Address for Overnight Mail:  
Centers for Medicare & Medicaid Services  
c/o Wage Index, CMM/PPG/DAC  
Room C4-07-07  
7500 Security Boulevard  
Baltimore, Maryland 21244-1850

E-mail:  
BPD-DPPS@cms.hhs.gov

Facsimile (FAX):  
410-786-0169

The CMS Audit Quality Review Program will include several questions about the desk review program for hospital wage data. Keep copies of the completed desk reviews in your files. Our regional office review teams will review your work in this area to verify that all desk reviews were properly performed.

**Send a copy of the attached timetable to all hospitals you service.**

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\* For hospitals affected by the filing extensions provided by the PM issued under CR 2389, the date is December 16, 2002. The wage data for these hospitals must be submitted directly to the Division of Acute Care according to the instructions in that PM.

## HOSPITAL WAGE INDEX DESK REVIEW PROGRAM

### INTRODUCTION

Section 1886(d)(3)(E) of the Social Security Act, "Adjusting For Different Area Wage Levels," requires the Secretary to adjust the proportion of hospitals' costs that are attributable to wages and wage-related costs for area differences in hospital wage levels. This adjustment is made by a factor reflecting the relative hospital wage level in the geographic area of the hospital compared to the national average hospital wage level.

A Medicare cost reporting form, CMS-2552-96, Hospital Wage Index Information, Worksheet S-3, Parts II and III, captures the hospital wage index data needed to update the hospital wage index that is applied to the labor-related portion of the national average standardized amounts of the prospective payment system. *The detailed instructions for Worksheet S-3, Parts II and III are located in the Provider Reimbursement Manual, Part II, Sections 3605.2 and 3605.3. It is important that FIs are familiar with these instructions to ensure the accuracy of the wage data.*

In order to ensure the mathematical accuracy of the data on Worksheet S-3, Parts II and III, as well as to detect any aberrancies that fall outside of CMS's established thresholds for possible resolution, the following desk review procedures (and the confidential edits we will send you in a separate mailing) must be performed on all hospitals subject to the acute inpatient prospective payment system (IPPS) and hospitals that would otherwise be subject to IPPS if they did not have a Medicare waiver (i.e., hospitals in Maryland).

Notify hospitals in writing of all changes to their wage data that you make as a result of this desk review. This notification should include an explanation of the reason for the changes.

### DESK REVIEW PROCEDURES

#### I. CLERICAL/MATHEMATICAL CHECKS

The following are clerical review steps to verify the data reported on Worksheet S-3, Parts II and III, for cost reporting periods that begin on or after October 1, 1999 through September 30, 2000.

1. Manual Cost Reports: For every IPPS hospital cost report manually filed with CMS, the FI must verify the mathematical accuracy on all items reported on Worksheet S-3, Parts II and III.
2. Negative numbers are not acceptable for Columns 1, 3, 4, and 5.
3. For Part II, Lines 1 through 12 and Part III, Line 13, if either salaries or hours are greater than zero, then both salaries and hours must be greater than zero; if not, then both salaries and hours must equal zero.
4. For Part II, if any of Lines 1 through 6, 8, and 8.01 is greater than zero, then the associated line for wage-related costs (Lines 13 and/or 14, 15 through 20) should be greater than zero. For example, if a hospital reports salaries and hours greater than zero on Line 4, Physician Part A, then the hospital must also include wage-related costs greater than zero on Line 18.

Exceptions: 1) a hospital does not incur the wage-related cost, 2) the wage-related cost cannot be verified.

5. Holiday, sick leave, vacation, paid time-off, and severance pay costs and associated hours must be included on Line 1 with salaries and hours. Bonus pay must also be included on Line 1, but with no associated hours. These costs must not be included on Part II, Lines 13 through 20.

Note: Bonus pay includes award pay and vacation, holiday, and sick pay conversion (that is, pay in lieu of time off).

6. Ensure that the salaries reported for Interns and Residents in Approved Programs, Part II, Line 6, agree with the amount reported on the Trial Balance, Worksheet A, Line 22, Column 1 (increased by the costs for intern and resident services furnished under contract). Worksheet S-3, Part II, Line 6 must include only intern and resident salaries and must not include teaching physician salaries transferred from Worksheet A, Column 1, Line 23. Teaching physician salaries are included on Line 4.01 of Worksheet S-3, Part II.
7. The cost centers excluded from total salaries and hours for purposes of the Hospital Wage Index are listed below. Ensure that the salaries reported on the Trial Balance (Worksheet A, Column 1 and any salary reclassifications from Worksheet A-6) are equal to the excluded salaries reported on Worksheet S-3, Part II, Column 3, Lines 8 and 8.01.

Note: Outpatient service cost centers are currently not excluded for purposes of the wage index. However, **beginning with cost reporting periods that start on or after October 1, 1999, we are requiring hospitals to separately report on line 5.01 the salaries and hours for non-physician patient care services at hospital-based rural health clinics (RHCs) and Federally qualified health centers (FQHCs)**. The salaries and hours for RHC and FQHC physician patient care services must continue to be reported on line 5.

	<u>Trial Balance</u>	<u>Wage Survey</u>
A. SNF	34	8
B. Excluded Areas:	Sum of the following:	8.01
1) NF, OLTC, and SNF UR	35+36+89	8.01
2) Home Program Dialysis	64	8.01
3) Ambulance Services	65	8.01
4) Interns & Residents (not in Approved Programs)	70	8.01
5) Home Health Agency	71	8.01
6) Outpatient Rehab. Provider	69	8.01

	<u>Trial Balance</u>	<u>Wage Survey</u>
7) Ambulatory Surgical Center (Distinct Part)	92	8.01
8) Hospice	93	8.01
9) Nonreimbursables	Sum of 96 to 100	8.01
10) Subprovider: Psych. Unit	31	8.01
11) Subprovider: Rehab. Unit	31	8.01
12) Nursing School	21	8.01
13) Paramedical Education Program	24	8.01
14) Other Reimbursable	68	8.01
15) Organ Acquisition	Sum of 82 to 86	8.01
16) Other Special Purpose	94	8.01
17) Other	31, if other than Psych. Or Rehab.	8.01

8. Ensure that salaries for physicians, nonphysician anesthetists, and interns and residents in excluded areas are included on Part II, Lines 8 and 8.01, and the associated wage-related costs are included on Part II, Line 15. These salaries and wage-related costs should not be included on Part II, Lines 2 through 6 and 16 through 20.
9. Review the permanent files or other appropriate documentation, such as form HCFA-339, to determine if the hospital contracted for direct patient care, pharmacy, laboratory, and certain management services as defined below. If the hospital had any of these contracted services, then the personnel costs must be reported, to the extent hours can be accurately determined, on Worksheet S-3, Part II, Line 9 (direct patient care and certain management services), Line 9.01 (pharmacy), and Line 9.02 (laboratory).

Lines 9, 9.01, and 9.02 must not include equipment, supplies, travel expenses, and other miscellaneous or overhead items. Also, Lines 9, 9.01, and 9.02 must exclude services paid under Part B (e.g., physician clinical services, physician assistant services), management services other than those specified below, clerical and billing services, consultant, legal and accounting services, housekeeping services, security personnel, planning contracts, independent financial audits, or any other service not directly related to patient care.

Lines 9, 9.01, and 9.02 must not include any contract labor costs associated with excluded areas reported on lines 8 and 8.01.

**Direct Patient Care and Management Services Included in Contract Labor on Part II, Line 9:**

These services include, but are not limited to, nursing, therapeutic, rehabilitative or diagnostic services furnished under contract except for any such services billable under Part B.

Starting with cost reporting periods beginning on or after October 1, 1994, these services also include certain management contracts. Allowable contracted management services are limited to the personnel costs for those individuals who are working at the hospital in the capacity of Chief Executive Officer (CEO)/ Hospital Administrator, Chief Operating Officer (COO), Chief Financial Officer (CFO), and Nursing Administrator.

These services exclude physician Parts A and B (see item 10 below), Certified Registered Nurse Anesthetists (CRNAs) Part B (see item 10 below), management services other than those specified above, and any other contract service that is *not* direct, hands-on patient care. Also, Line 9 must not include pharmacy and laboratory services, which must be reported separately on Lines 9.01 and 9.02, respectively.

**Pharmacy and Laboratory Services Included in Contract Labor on Part II, Lines 9.01 and 9.02:**

These services include, but are not limited to, pharmacist, pharmacy assistant, medical technologist, laboratory technologist, laboratory technician, and other services directly related to patient care.

These services exclude pathologist Part A. Instead, contract pathologist Part A services must be reported on Line 10.

**Hospitals must provide a detailed list of the types of contract services that are reported on Lines 9, 9.01, and 9.02, including the associated personnel costs and paid hours. For example:**

<u>Service</u>	<u>Personnel Costs(\$)</u>	<u>Hours</u>
Physical Therapists	332,800	8,320
Ultrasound Technicians	83,200	4,160

- Review the permanent files or other appropriate documentation, such as Form HCFA-339, to determine if the hospital contracted for physician Part A, CRNA Part A (for hospitals under rural exception only), and interns and residents services. If the hospital had any of these contracted services, then the personnel costs must be reported, to the extent hours can be accurately determined, on the appropriate lines indicated below. These costs must not include equipment, supplies, travel expenses, and other miscellaneous or overhead items. Also, contract labor costs associated with services in excluded areas must not be included.

**Contract Physician Part A Services**

Contract physician Part A costs must be reported on Part II, Line 10. (These costs must not be included on Lines 4 or 9). Line 10 must not include costs associated with physician Part B and physician assistant services.

### **Contract CRNA Part A Services**

For hospitals under rural exception only, the costs for contract CRNA Part A services must be reported with the costs for directly employed CRNAs Part A on Line 2. Also, contract CRNA Part A costs must be included on Line 9.

### **Contract Interns and Residents Services**

Contract interns and residents costs must be reported on Line 6 with the costs for directly employed interns and residents. Also, contract interns and residents costs must be included on Line 9.

11. Wage-related costs (except for those costs associated with contract and home office personnel; see item 12 below) must be reported on Part II, Lines 13 through 20. Ensure that all wage-related costs meet the definition for wage-related costs outlined in §3605.2 of the Provider Reimbursement Manual, Part II.

For purposes of determining the wage-related costs for the wage index, a hospital must use generally accepted accounting principles (GAAP). (Hospitals must continue to use Medicare payment principles on all other areas to determine allowable fringe benefits.) **Hospitals must provide a list of the wage-related costs reported on Lines 13, 14, and 16 through 20 and must complete Exhibit 7, Section 3 of Form HCFA-339.** Additionally, upon request by the FI or CMS, hospitals must provide a copy of the GAAP pronouncement, or other documentation showing the reporting practice is widely accepted in the hospital and related fields, as support for the methodology used to develop the wage-related cost. If a hospital does not complete Form HCFA-339, Exhibit 7, Section 3, or, if a hospital is unable, when requested, to provide a copy of the standard used in developing the wage-related cost, the FI may remove the cost from the hospital's Worksheet S-3 due to insufficient documentation, or include the amount derived from the application of Medicare cost principles.

**NOTE: Although GAAP allows hospitals to report their expenses at cost or at charge, for wage index purposes, hospitals must report their wage-related costs at cost.**

**NOTE: All costs for any related organization must be shown as the cost to the related organization. (For Medicare cost reporting principles, see PRM, Part I, Section 1000. For GAAP, see FASB 57.) If a hospital's consolidation methodology is not in accordance with GAAP, or, if there are any amounts in the methodology that cannot be verified by the FI, the FI may apply the hospital's cost to charge ratio to reduce the related party wage-related costs to cost.**

Ensure that wage-related costs are properly reported. Lines 13 and 14 must not include costs associated with employees in excluded areas, physicians Parts A and B, non-physician anesthetists Parts A and B, and interns and residents in approved programs. These wage-related costs must be reported separately on Lines 15 through 20. Also, Lines 13 through 20 must not include wage-related costs associated with contract and home office personnel (see item 12 below).



**New Requirement: During your desk reviews, please request hospitals to provide the wage-related costs for hospital-based RHC and FQHC nonphysician services. Ensure that these costs are not included on lines 13 or 14. With Transmittal # 9 cost report software, FIs will be able to include on new line 19.01 the wage-related costs for RHC and FQHC nonphysician services.**

Assume that all hospitals incur wage-related costs. If a hospital reports no wage-related costs on Line 13 or Line 14, contact the hospital to determine if the costs are either inadvertently omitted, still under development, or not incurred by the hospital. If you adjust a hospital's reported wage-related costs to \$0 (or to 8 percent of salaries for FICA costs) because the costs cannot be verified, immediately notify the hospital regarding your action. (Be sure to document your contacts with the hospital.)

12. Wage-related costs (core and other) that are paid by the hospital on behalf of contract and home office personnel may be included in the wage index. These costs are to be reported on Worksheet S-3, Part II, Lines 9, 9.01, and 9.02 for direct patient care, management, pharmacy, and laboratory contract labor, Lines 10 and 10.01 for nonteaching and teaching physician Part A contract labor, Line 11 for nonphysician home office personnel, and Lines 12 and 12.01 for nonteaching and teaching physician Part A home office personnel. To be included, the wage-related costs for contract labor and home office personnel must meet the same criteria established for hospitals' direct employees. (See §3605.2 of the Provider Reimbursement Manual, Part II, and Form HCFA-339.)

*Applying the 1 Percent Test to "Other" Wage-Related Costs That Include Costs Associated With Contract Labor and/or Home Office Personnel --* As indicated above, "other" wage-related costs for contract labor and home office personnel may be included in the wage index. In applying the 1 percent test of significance to an "other" wage-related cost that includes amounts associated with contract labor and/or home office personnel, the denominator must include the subtotal salaries on Worksheet S-3, Part III, Line 3, Column 3 *plus* the salaries (or personnel costs) for contract labor and/or home office personnel.

13. Health Insurance and Health-Related Wage-Related Costs: CMS no longer requires hospitals and FIs to remove from domestic claims costs the personnel costs associated with hospital staff who delivered the services to the employees. Additionally, health-related costs, that is, costs for employee physicals and inpatient and outpatient services that are not covered by health insurance but provided to employees at no cost or at discounted rates, are to be included as a core wage-related cost. The 1-percent test no longer applies to health-related costs.
14. Teaching physician Part A costs must be reported on subscripted Lines 4.01, 10.01, 12.01, and 18.01. Teaching physician Part A costs must not be included on Lines 4, 10, 12, and 18. Ensure that teaching physician Part A costs on Worksheet S-3 are consistent with the amounts reported on line 23 of Worksheet A, as detailed on Worksheet A-8-2.
15. If Part III, Line 2, Column 4 divided by Part III, Line 1, Column 4 is greater than 5 percent, then Part III, Line 13 must be completed for all columns (that is, must be greater than or equal to zero).
16. Part III, Line 13 (Total Overhead) salaries and hours must not be greater than Part II, Line 1 (Total) salaries and hours.

***Parts II and III of the desk review program are confidential and will be issued separately to FIs only.***

**IV. CONCLUSION**

The conclusion of the desk review procedures will be based on the answers to Part I (above) and Parts II and III (issued separately to FIs).

Indicate decisions as follows:

**Desk review completed - No additional review necessary.**

Explanation \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Telephone Contact/Correspondence with Provider required.**

Information to be obtained from provider \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Onsite Audit Required.**

Explain data to be audited \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**FY 2004 Wage Index Development Timetable**  
**(November 2002 through October 2003)**

<b><u>Date:</u></b>	<b><u>Task:</u></b>
Through November 2002	Collection and verification of wage data and documentation submitted by hospitals.
November 15, 2002	Deadline for FIs to complete all desk reviews for hospital wage data and transmit Worksheet S-3 data to the Health Care Provider Cost Report Information System (HCRIS). At this stage, send the wage data to HCRIS, only. Do not send copies of the files to the Division of Acute Care (DAC).* <b>[Note: For hospitals affected by the filing extensions provided by the PM issued under CR 2389, submit the wage data according to the instructions in that PM. For these hospitals, the deadline for completing the desk reviews and submitting the data directly to DAC is December 16, 2002.]</b>
<p><b>* After the November 15 deadline, any changes to hospitals' Worksheet S-3 wage data must be submitted directly to DAC in electronic, HCRIS hdt format, either as a file attachment via e-mail or on diskette via overnight mail delivery. With the exception of hospitals' wage data that are submitted according to Options 2, 3, or 4 of the instructions under CR 2389, <u>FIs must still submit cost report data directly to HCRIS</u>. Only copies of HCRIS files that include changes to the wage data are to be submitted to our office (DAC).</b></p>	
Early-Mid December 2002	<b>FIs must notify State hospital associations regarding hospitals that fail to respond to issues raised during the desk reviews.</b> The purpose of the letter is to inform the association and its member hospitals that a hospital's failure to respond to matters raised by the FI can result in lowering an area's wage index value and, therefore, lower Medicare payments for all hospitals in the area.
Mid December 2002	Notice sent from CMS to FIs regarding the early January release of the preliminary wage data public use file and the early February deadline for hospitals to request revisions to the wage data as reflected in the preliminary file. Notice must be forwarded by FIs to hospitals they service to alert hospitals to the availability of the preliminary wage data file for their review, and to inform hospitals that this will be their last opportunity to request revisions.
January 10, 2003	Release of the preliminary wage data public use file on CMS web page and through public use files office. Hospitals will have approximately one month to review and verify the accuracy of their wage data and to submit revision requests, including adequate supporting documentation, to their FIs.
February 10, 2003	Deadline for hospitals to request revisions to their Worksheet S-3 wage data as included in the January public use file and to provide

documentation to support the request. FIs must receive the revision requests and supporting documentation by this date. FIs will have approximately two months to complete their reviews, make determinations, and transmit revised data to DAC.

April 1, 2003

Approximate date proposed rule will be published; includes proposed wage index, which is calculated based on the preliminary wage data from early February; 60-day public comment period and 45-day withdrawal deadline for hospitals applying for geographic reclassification.

April 4, 2003

Deadline for FIs to transmit revised Worksheet S-3 (in HCRIS format) wage data to DAC for inclusion in the final wage data. All data revisions to the January preliminary file (resulting from requests from hospitals, received by the early February deadline) must be transmitted by this date.

**Also, deadline for hospitals to request CMS' intervention in cases where the hospital disagrees with the FI's determination.**

Late April 2003

Final wage data compiled and sent by CMS to FIs for verification. This verification of the final wage data by the FIs is necessary to ensure that the correct data for each hospital has been properly transmitted and received. The FIs will have approximately one week in which to complete the verification.

Notice sent from CMS to each FI regarding the early May release of the final wage data public use file and the early June deadline for hospitals to request corrections to the wage data as reflected in the final file. Notice must be forwarded by FIs to hospitals they service to alert hospitals to the availability of the final wage data file for their review, and to inform hospitals that this will be their last opportunity to request corrections to errors in the final data. Changes to data will be limited to situations involving errors by CMS or the FI that the hospital could not have known about before review of the final (May) wage data file. Data that was incorrect in the January preliminary wage data public use file, but for which no revision request was received by the early February deadline, will not be considered for correction at this stage.

May 9, 2003

Release of final wage data public use file on CMS web page and through public use files office. Hospitals will have approximately one month to verify their wage data and submit correction requests to **both** CMS and their FI to correct errors due to CMS or FI mishandling of the final wage data.

June 6, 2003

Deadline for hospitals to submit correction requests to **both** CMS and their FI to correct errors due to CMS or FI mishandling of the final wage data. We emphasize that data that was incorrect in the January

preliminary wage data public use file, but for which no revision request was received by the early February deadline, will not be changed at this stage for inclusion in the wage index. Each correction request must include all information and supporting documentation needed for CMS and the FI to determine whether or not the hospital's request meets the criteria for a correction to their wage data at this point in the wage index development. The FIs and DAC will review each request upon receipt and consult to determine whether or not the request qualifies for correction of the final wage data.

August 1, 2003	Publication of the FY 2004 final rule; wage index includes final wage data corrections.
October 1, 2003	Effective date of FY 2004 wage index.

**The *effective date* for this PM is October 4, 2002.**

**The *implementation date* for this PM is October 4, 2002.**

**The instructions contained in this PM should be implemented within your current operating budget.**

**This PM may be discarded after October 31, 2003.**

**If you have any questions regarding the wage index desk review program, please contact Valerie Miller at (410) 786-4535, Taimyra Jones at (410) 786-1562, Laura Ashbaugh at (410) 786-3322, or Brett James at (410) 786-9358. Refer questions about the HCRIS data submissions to Dave Zanardelli of the Office of Information Systems (OIS).**