

**Geographic Reclassification Requests for Individual Hospitals
Under the Medicare Hospital Inpatient Prospective Payment System**

2004 Requests for Federal Fiscal Year 2006 Redesignations

This package contains the individual hospital application and the instructions for completing the application that hospitals will need to apply for geographic reclassification in 2004 under the Medicare hospital inpatient prospective payment system (IPPS). Completed applications are due to the Medicare Geographic Classification Review Board (Board) office no later than **5:00 p.m. EDT, September 1, 2004**. Reclassifications granted by the Board for the Wage Index will be effective for a 3-year period, Federal Fiscal Years (FFYs) 2006 through 2008 (October 1, 2005 through September 30, 2008). Reclassifications previously granted by the Board for the Standardized Amount are no longer available pursuant to the change in the Proposed IPPS Rule.

Hospitals requesting reclassification must complete this application and furnish all required supporting documentation. Hospitals should read the instructions carefully. Failure to submit appropriate or complete information as explained in the instructions may result in a delayed review or dismissal by the Board.

A hospital may apply for reclassification individually, as a member of a group of hospitals, and as a member of a Statewide Wage Index area. Federal regulations at 42 C.F.R. §§ 412.230ff provide the guiding regulatory criteria and conditions for such applications.

To request a Group or Statewide Wage Index application, or to receive other information or for questions, hospitals should call (410) 786-1174. The individual, group, and Statewide wage index applications and instructions will be available via the Internet at <http://cms.hhs.gov/providers/prrb/mgcinfo.asp>.

PLEASE NOTE: These instructions and corresponding application are being printed and distributed before the Final IPPS Rule is issued. The Final IPPS Rule should be published in the Federal Register on or about August 1, 2004. This application reflects the Proposed IPPS Rule found in the May 18, 2004 Federal Register (69 Fed. Reg. 28196). Applicants are encouraged to review the Final IPPS Rule for changes or clarifications prior to filing an application as the Board will base its decisions on the Final IPPS Rule. The Board will be unable to issue further instructions prior to the date by which hospitals must submit an application for geographic reclassification (September 1, 2004).

Enclosures: (1) General Instructions
(2) Instructions for Completing the Application
(3) Application

MEDICARE GEOGRAPHIC CLASSIFICATION REVIEW BOARD

2004 INDIVIDUAL HOSPITAL APPLICATION FOR GEOGRAPHIC RECLASSIFICATION EFFECTIVE FEDERAL FISCAL YEAR 2006

GENERAL INSTRUCTIONS

GENERAL

A hospital that wants to be reclassified from a rural area to an urban area, from a rural area to another rural area, or from an urban area to another urban area, must file a completed application with the Board. The Board can reclassify an individual hospital only for the purpose of using the requested area's wage index, i.e., the Board cannot reclassify an individual hospital for the Standardized Amount (as in past application years) pursuant to the revision contained in the Proposed IPPS Rule. Reclassifications granted by the Board for the Wage Index will be effective for a 3-year period, FFYs 2006 through 2008 (October 1, 2005 through September 30, 2008).

In accordance with proposed redesignated Federal regulations at 42 C.F.R. § 412.230(a)(5)(iv), the Board cannot approve an application for the Wage Index for the period FFY 2006 through FFY 2008 if the hospital is already approved for the Wage Index for FFY 2006 to that same geographic area through a prior 3-year wage index reclassification. The Board, however, can approve a hospital's Wage Index reclassification request for the period FFY 2006 through FFY 2008 if the hospital's request is to a different geographic area than the area to which it is currently reclassified for FFY 2006 under a prior 3-year wage index reclassification. Please note that the hospital's request would have to meet all applicable qualifying criteria and conditions for redesignation.

In the Proposed IPPS Rule, the Centers for Medicare & Medicaid Services (CMS) includes revised labor market areas based on the new Core Based Statistical Areas (CBSAs) announced by the Office of Management and Budget (OMB) on June 6, 2003. OMB standards designate two categories of CBSAs, Metropolitan Statistical Areas (MSAs) and Micropolitan Statistical Areas (Micropolitan Areas). MSAs are based on urbanized areas of 50,000 or more population and Micropolitan Areas are based on urban clusters of at least 10,000 population but less than 50,000 population. Counties that do not fall within CBSAs are deemed "Outside CBSAs."

CMS proposes to continue to use MSAs to define urban labor market areas. Under the revised MSA criteria based on CBSA definitions, eleven MSAs contain Metropolitan Divisions. A Metropolitan Division is a county or group of counties within a CBSA that contains a core population of at least 2.5 million, representing an employment center, plus adjacent counties associated with the main county or counties through employment ties. CMS is proposing to treat the Metropolitan Divisions of MSAs (29 Divisions in total) as labor market areas. Hospitals in Micropolitan Areas and outside CBSAs would be included in the Statewide rural labor market area.

For application purposes, hospitals applying for wage index value reclassification for the period FFY 2006 through FFY 2008 should use the rural and urban area names and identification codes (Internet site reference). The regulations at 42 CFR § 412.64(b) (69 Fed. Reg. 28347) of the Proposed IPPS Rule defines an urban area and a rural area for geographic classification purposes. In accordance with the Proposed IPPS Rule, the Board will treat hospitals in MSAs, the five New England “deemed” counties, and Metropolitan Divisions as “urban” for application purposes. The Board will treat hospitals in Micropolitan Areas (excluding counties in Micropolitan Areas in New England that are “deemed” urban) and hospitals outside CBSAs as “rural” for application purposes. The Board’s treatment of “urban” and “rural” as described in this paragraph will apply whenever those terms are used in the individual hospital application and the instructions.

The Board ordinarily issues an on-the-record decision. However, the Board may hold an oral hearing on its own motion or if the applicant hospital demonstrates to the Board’s satisfaction that an oral hearing is necessary. The Board will issue all of its decisions no later than 180 days after the deadline for receipt of the applications. The deadline for receipt of the applications is September 1, 2004.

THE APPLICATION

Hospitals applying for reclassification as an individual hospital for the wage index value must complete the enclosed application. Submission of inappropriate documentation will delay Board review. If hospitals do not use this application or if they fail to provide the required information, the Board may dismiss their requests for reclassification.

The application consists of a series of questions and an affidavit that a responsible hospital officer must sign. The hospital must also submit several attachments, all of which are specified in the instructions and application.

If a hospital has a primary and alternative (or secondary) request, it must submit separate and complete applications for the primary application and each alternative request. The hospital should not combine the applications into one package, and it should clearly mark each application as primary, secondary, etc. The hospital must also clearly specify its preferred reclassification as to the requested geographic areas for each application.

FILING AN APPLICATION

A complete application package consists of an original and two legible unbound copies of the application and its attachments. The Board does not accept applications submitted through the facsimile process or by other electronic means, nor does it accept applications completed in pencil, i.e., applications must be typed or clearly printed in ink.

The Board must receive all application packages by **5:00 p.m. EDT, September 1, 2004**. The Board will dismiss a hospital's request for reclassification if it does not receive the completed application by this deadline. The Board may, for good cause and at the request of the hospital, grant a hospital that has submitted an application by September 1 an extension beyond this date to complete the application.

Hospitals must send an original and two copies of their completed application to the Board at the following mailing address:

**Medicare Geographic Classification Review Board
2520 Lord Baltimore Drive
Suite L
Baltimore, Maryland 21244-2670**

Hospitals may want to send their application by a delivery method that guarantees a signed receipt, indicating delivery and date of delivery of their packages to the Board. The same address for the Board is applicable for both U.S. mail and courier service. Applications submitted to CMS or any other address may be delayed and not received timely by the Board.

Hospitals must simultaneously send a copy of their completed application to:

Centers for Medicare & Medicaid Services
Center for Medicare Management
Hospital & Ambulatory Policy Group
Division of Acute Care
7500 Security Boulevard
Mail Stop C4-07-07
Baltimore, Maryland 21244-1850
Re: MGCRB Application

The CMS Hospital & Ambulatory Policy Group address is also applicable for both U.S. mail and courier service. Again, applications submitted to CMS may be delayed and not received timely by the Board.

WITHDRAWALS AND TERMINATIONS

Hospitals may withdraw their applications for reclassification at any time before the MGCRB issues a decision. After a decision granting reclassification, hospitals may withdraw their reclassifications up to 45 days from the date of CMS's annual notice of proposed rulemaking for hospital inpatient prospective payment under Medicare. CMS publishes the notice in early spring.

A hospital may request to terminate the second and/or third year(s) of a 3-year wage index reclassification. Similar to a withdrawal, a hospital's request to terminate the second and/or third year(s) of an approved 3-year wage index reclassification must be received by the MGCRB within 45 days of the publication of the annual notice of proposed rulemaking concerning changes to the inpatient hospital PPS and proposed payment rates for the fiscal year for which the termination is to apply.

A hospital which either withdraws or terminates a 3-year wage index reclassification may also cancel its withdrawal or termination in order to have any remaining years of its 3-year wage index value reclassification reinstated. Requests to cancel a withdrawal or a termination in order to reinstate the remaining year(s) of the 3-year period must be received by the Board by the due date for the receipt of hospital applications for reclassification for the applicable Federal fiscal year. For example, a hospital with a wage index reclassification for the 3-year period FFY 2005 through FFY 2007 that withdrew its FFY 2005 reclassification within the 45 day period noted above (in this example July 2, 2004) may reinstate the remaining two years (FFYs 2006 and 2007) by canceling its withdrawal by the due date for the submittal of the FFY 2006 hospital reclassification applications (September 1, 2004).

All withdrawal and termination requests as well as requests to cancel a withdrawal or a termination must be in writing and directed to the Board at the address given in the preceding section. Hospitals should also send a copy to the CMS Hospital & Ambulatory Policy Group at that Group's address listed above.

NOTE: The criteria for hospitals seeking to withdraw an application or to terminate an approved 3-year wage index reclassification are contained in 42 C.F.R. § 412.273. Applicants are encouraged to review that section of the federal regulations.

**PLEASE READ THESE INSTRUCTIONS
BEFORE COMPLETING THE APPLICATION**

MEDICARE GEOGRAPHIC CLASSIFICATION REVIEW BOARD

**2004 INDIVIDUAL HOSPITAL APPLICATION FOR
GEOGRAPHIC RECLASSIFICATION
EFFECTIVE FEDERAL FISCAL YEAR 2006**

**INSTRUCTIONS FOR COMPLETING
THE APPLICATION**

The application consists of a series of questions and a general affidavit. The application also lists attachments required by the Board and the letter designations for these attachments. The hospital should still use these same letter identifiers if it needs only some attachments to support its request. The hospital must type or print the application in ink.

The hospital must send the completed application, including all supporting documentation, so that the Board receives it by **5:00 p.m. EDT, September 1, 2004**. If the hospital or its representative fails to comply with this deadline, the Board will dismiss the hospital's request for reclassification. The Board does not accept applications submitted through the facsimile process or by other electronic means.

It is imperative that the hospital read these instructions before it fills in the application. Also, inasmuch as the Final IPPS Rule could alter the provisions that are contained in the Proposed IPPS Rule on which these instructions and application were developed, it is highly recommended that the hospital review the Final IPPS Rule before completing and submitting an application. Tab 2 (Calculations) at the end of these instructions provides examples of correct computations for the wage index reclassification criteria.

INSTRUCTIONS

I. HOSPITAL INFORMATION

1. Self-explanatory.
2. Self-explanatory.

3. Self-explanatory.
4. Self-explanatory.
5. The hospital must indicate the mailing address the Board should use for all correspondence. The hospital should also show the person (and telephone number) the Board should contact if it has questions about the application.

II. RECLASSIFICATION REQUEST

6. The hospital should circle 6.A.1., 6.A.2., and/or 6.B. to show the wage index value criteria category under which it is applying for wage index value reclassification. Generally, a rural hospital is required to meet the 106 percent threshold for the area in which it is located and an 82 percent threshold for the area to which it is seeking to reclassify. The payment thresholds for an urban hospital are 108 percent and 84 percent respectively. However, a hospital that was ever a rural referral center (RRC) is exempt from the 106 (rural)/108(urban) percent thresholds relating to the area in which the hospital is located and, in accordance with the Proposed IPPS Rule, will be required to meet the 82 percent threshold (not the 84 percent threshold) of the area to which it is seeking to reclassify even if it is an urban hospital.
7. A rural hospital should enter the name of the State where it is located and the name of the State or urban labor market area (MSA or Metropolitan Division) that it is applying to in order to complete this entry. An urban hospital should enter the name of the urban labor market area in which it is located (or “deemed” to, in the case of the five New England counties) and the name of the urban labor market area to which it is requesting reclassification. The hospital should also include the identification numbers for these areas. Rural and urban area names and identification codes can be found at <http://cms.hhs.gov/providers/prrb/mgcinfo.asp>.

The Board can reclassify hospitals to one area only. The Board may reclassify an individual hospital from a rural area to an urban area, from a rural area to another rural area, or from an urban area to another urban area.

All hospitals may seek reclassification under the “Proximity” criteria listed in 42 CFR § 412.230(b). Sole community hospitals (SCHs) and RRCs may also request reclassification under the special access rules in 42 CFR § 412.230(a)(3). Under the special access rules, the Board can reclassify an SCH or RRC to the closest urban area. If a rural area is closer than the closest urban area, then the SCH or RRC may seek reclassification to either the closest rural area or the closest urban area. The Board may not reclassify a hospital in an urban area, including an SCH or RRC, to a rural area.

III. GENERAL INFORMATION

8. If the hospital is already reclassified for the wage index value for FFY 2006 as part of a 3-year wage index reclassification (either a 2002 application approved for FFYs 2004 through 2006, a 2003 application approved for FFYs 2005 through 2007, or a Section 508(a) one-time appeal application approved for the period April 1, 2004 through March 31, 2007) it should check “Yes” in 8.A. and enter the name and identification number of the State or MSA which it is reclassified to for FFY 2006 in item 8.B.

Tables 9A (regarding hospital reclassifications for FFY 2005) and 9B (regarding hospital reclassifications under Section 508 of Public Law 108-173) of the Final IPPS Rule may be helpful to hospitals in completing item 8B. Hospitals may also wish to refer to the appropriate Board Decision letter for reclassifications for FFYs 2004 through 2006, FFYs 2005 through 2007, or Section 508 for the period April 1, 2004 through March 31, 2007, which served as the basis for the hospital’s FFY 2006 wage index reclassification.

9. If the hospital withdrew or terminated its 3-year reclassification for the wage index value, it should check “Yes” to 9.A. If the hospital applied to cancel a Board approved withdrawal or termination, it should check “Yes” to 9.B.
10. Self-explanatory.
11. If the hospital is also part of a group application, it should check “Yes” in 11.A. and enter the name of the County in which the group is located in 11.B. If the hospital is also a part of a Statewide Wage Index Area application, it should check “Yes” in 11.C. A hospital may apply both individually and as a member of a group and/or a Statewide Wage Index Area application. The Board expects to rule on any Statewide Wage Index Area application first and then the Group application before it reviews any individual requests. Statewide Wage Index Area and Group instructions can be obtained by calling (410) 786-1174 or via the Internet at <http://cms.hhs.gov/providers/prrb/mgcinfo.asp>.
12. Section 401 of Public Law 106-113 amended Section 1886(d)(8) of the Social Security Act by adding paragraph E, which created a mechanism, separate and apart from the MGCRB, permitting an urban hospital to apply to be treated as being located in the rural area of the state in which the hospital is located. Hospitals that are reclassified as rural under Section 1886(d)(8)(E) are not permitted to be reclassified through the MGCRB, effective October 1, 2000. If the hospital is separately applying for CMS approval under this provision, check “Yes” in 12.A. If the hospital’s request in 12.A. has been approved by CMS, check “Yes” in 12.B. and include a copy of the CMS approval letter under **Attachment A**. Questions concerning this provision should be directed to Margot Blige Holloway of the CMS Hospital & Ambulatory Policy Group at (410) 786-4642.

13. For 13.A., the hospital should show its status at the time it submits its application. The Board will base its decision upon the hospital's status at the time of its review. The letter supporting the hospital's status (**Attachment B**) must be on intermediary or regional office letterhead and signed by an authorized official, and must show the period to which it applies. (Note: All fiscal intermediary or regional office letters that are part of this application must meet the preceding standards.)

13.B. is self-explanatory. A hospital that lost its special status because it was reclassified for the standardized amount may not apply for reclassification under the special access rules unless it either regains its special status or was reclassified for every subsequent fiscal year. The hospital should provide a letter from the CMS regional office or fiscal intermediary at **Attachment C**.

14. For 14.A., the hospital should show whether it is "currently" an RRC. For 14.B., if the answer to 14.A. is "No," the hospital should show whether it "has ever been" an RRC. In either case, the hospital should provide a letter from the CMS regional office or fiscal intermediary at **Attachment D**.
15. If "Yes," attach the rationale for the oral hearing request under **Attachment E**.

IV. RECLASSIFICATION REQUEST UNDER SPECIAL ACCESS RULES FOR SOLE COMMUNITY HOSPITALS AND RURAL REFERRAL CENTERS

16. The special access rules are limited to hospitals that are currently SCHs and RRCs. Under the special access rules (42 CFR § 412.230(a)(3)), the Board can reclassify an SCH or RRC to the closest urban area. If a rural area is closer than the closest urban area, then the SCH or RRC may seek reclassification to either the closest rural area or the closest urban area. (SCHs and RRCs may also seek reclassification under the Proximity rules (see V.18 to 20 of this application and instructions)).
17. In the ROAD and MILEAGE columns under 17.A., the hospital must show the improved roads taken (and the mileage over those roads) from its entrance to the border of the requested area. An improved road is any road maintained by local, State, or Federal government and available for use by the public.

The hospital must also complete the TIME column if the requested area is the closest in travel time and the hospital is, therefore, completing 17.B. The travel time must correspond to the information in the first two columns. The hospital must fill in all three columns under 17.B. if the requested area is closest in driving time but farther in miles.

At **Attachment F** the hospital must include an original (i.e. no photocopies or facsimiles) map or maps issued by a government entity or an organization such as the American Automobile Association, on which the hospital highlights the county in which it is located; the site of the hospital entrance, including the street on which it is situated; the route taken as described in this section; and the area to which the hospital requests reclassification. If the request is based upon driving time rather than mileage, the hospital must show on the map or on separate maps the driving time and mileage to the requested area and to the urban or rural area that is closest in miles but farther in driving time.

The maps must contain explanatory legends that identify types of roads displayed on the maps and scales for accurately determining distances in miles over these roads. The original maps(s) and the two copies must be easy to read with adequate detail and all pertinent locations and distances clearly marked. If the hospital does not submit the required maps and directions, the Board may dismiss its application.

NOTE: The Board may, based on stated mileage and/or time, request a current affidavit from an independent source, such as a police officer, employee of a public transportation department, etc.

V. RECLASSIFICATION REQUEST UNDER PROXIMITY RULES

18. Federal regulations at 42 CFR § 412.230(a)(2) require that a hospital must demonstrate a close proximity to the area to which it seeks redesignation unless it is an SCH or RRC that seeks redesignation under the special access rules (see IV.16 and 17 of this application and instructions relating to special access rules). In order to demonstrate a close proximity with the area to which it seeks redesignation, a hospital must meet one of two conditions: (1) for hospitals in urban areas, the distance from the hospital to the requested area must not be more than 15 miles and, for hospitals in rural areas, the distance must not be more than 35 miles; or (2) at least 50 percent of the hospital employees reside in the requested area.

All hospitals, including SCHs and RRCs, can seek reclassification under the Proximity rules. Only hospitals that are currently SCHs and RRCs are eligible for reclassification under the special access rules.

19. In the ROAD and MILEAGE columns, the hospital must show the shortest route over improved roads (and the mileage over those roads) from its entrance to the border of the requested urban or rural area. An improved road is any road maintained by local, State, or Federal government and available for use by the public.

At **Attachment F** the hospital must include an original (i.e., no photocopies or facsimiles) map or maps issued by a governmental entity or an organization such as the American Automobile Association, on which the hospital highlights the county in which it is located; the site of the hospital entrance, including the street on which it is situated; the route taken as described in this section; and the area to which the hospital requests reclassification.

The maps must contain explanatory legends that identify types of roads displayed on the maps and scales for accurately determining distances in miles over these roads. The original map(s) and the two copies must be easy to read with adequate detail and all pertinent locations and distances clearly marked. If the hospital does not submit the required maps and directions, the Board may dismiss its application.

NOTE: The Board may, based on stated mileage, request a current affidavit from an independent source, such as a police officer, employee of a public transportation department, etc.

20. If the hospital cannot meet the proximity criteria through the mileage test and chooses to use the employees' residence test, it must complete item 20 and include **Attachment G**. This attachment contains the hospital employees' home addresses by zip code and a zip code map correlating the employees' residences to the two areas.

WAGE INDEX COMPARISON

The hospital must attach its wage index computations for the percent comparisons under **Attachment H**. Tab 2 provides examples of the comparisons that are required in **Attachment H**.

Generally, for purposes of reclassification for the wage index, the 3-year average hourly wage (AHW) of a rural hospital must be at least 106 percent of the 3-year AHW of the hospitals in the area in which the hospital is located and 82 percent of the 3-year AHW of hospitals located in the area to which it seeks redesignation. For an urban hospital, the hospital's 3-year AHW must be at least 108 percent of the 3-year AHW of hospitals in the area in which it is located and 84 percent of the 3-year AHW of hospitals located in the area to which it seeks redesignation. However, a hospital that was ever an RRC is exempt from the 106/108 percent thresholds and, in accordance with the Proposed IPPS Rule, will only be required to meet the 82 percent threshold of the area to which it is applying (i.e., not the 84 percent threshold) even if it is located in an urban area.

If a hospital is using the special dominating hospital exception to apply for reclassification, its AHW must be at least 108 percent of the AHW of all other hospitals in the area in which the hospital is located, it must pay at least 40 percent of the adjusted uninflated wages in the urban area, and it must have been approved for redesignation for the wage index for FFY 1992 through FFY 1997. In addition to showing the 40 percent and the 108 percent comparisons in **Attachment H**, a hospital applying under the dominating hospital exception criteria must also include, at **Attachment H**, the wages and hours for each of the three years used to calculate the wage index value for both the hospital and the area in which it is located. Hospitals may obtain this information from Mark Zezza of the CMS Hospital & Ambulatory Policy Group at (410) 786-7937.

The Proposed IPPS Rule also indicates that CMS is considering adopting another measure relative to dominant hospitals (69 Fed. Reg. 28196, 28291). Hospitals are encouraged to review the Final IPPS Rule for changes and additions.

The Board, in evaluating a hospital's request for reclassification for FFY 2006 for the wage index, must utilize the official data used to develop the FFY 2005 wage index. The wage data used to support the hospital's wage comparisons must be from the CMS hospital wage survey. The source for this data is the most recent hospital prospective payment Final IPPS Rule that is published in the Federal Register as of the date that the hospital submits its application to the Board. (The Board will use the final official data in evaluating if a hospital meets the reclassification criteria.)

AFFIDAVIT

The affidavit must be signed by an officer of the hospital, e.g., the Administrator, vice president for finance, etc. or by a corporate officer of the hospital's parent corporation. The official signing the affidavit must have the authority to sign the application for geographic reclassification on behalf of the hospital. The affidavit must also be fully completed, notarized, signed, and submitted as part of a timely filed application. The Board may dismiss the hospital's application if the officer's signature is not on the affidavit of a timely submitted application.

The official is attesting to the veracity and correctness of the application under the penalty of perjury (28 U.S.C. § 1746).

TAB

TAB 1 - CALCULATIONS - Includes model calculations for wage index value reclassification requests.

Examples of Wage Index Comparisons

	Hospital A	Hospital B	Hospital C
1 Hospital's Average Hourly Wage (AHW)	19.2411	17.7200	19.4283
2 Current Area	Rural Area X	Rural Area Y	MSA 4
3 AHW of Current Area	19.2209	16.6515	17.9258
4 Requested Area	MSA 1	MSA 2	MSA 3
5 AHW of Requested Area	19.7652	21.7954	21.4501
6 A 106% Test [Line 1/Line 3]	1.001050939	1.064168393	N/A
B 108% Test [Line 1/Line 3] [42 CFR 412.230(d)(1)(iii)(B)]	N/A	N/A	1.083817737
7 A 82% Test [Line 1/Line 5]	0.973483698	0.813015590	N/A
B 84% Test [Line 1/Line 5] [42 CFR 412.230(d)(1)(iv)(C)]	N/A	N/A	0.905744029

Hospital A fails the 106% test.

Hospital DOES NOT qualify.

Hospital B meets the 106% test but fails the 82% test.

Hospital DOES NOT qualify.

Hospital C meets the 108% test and meets the 84% test.

Hospital DOES qualify.

- NOTES:**
1. The average hourly wage data used above is the 3 year averages as published in Tables 2 and 3 of the Federal Register.
 2. The examples above assume that the hospitals meet all non numeric criteria such as proximity.
 2. Rounding of numbers to meet the qualifying percentage is not permitted.
 3. Under 42 CFR 412.230(d)(1)(iii)(B) & (iv)(C) a hospital in a rural area must meet the the 106% and 82% criteria [Lines 6A & 7A respectively] and a hospital in a urban area must meet the the 108% and 84% criteria [Lines 6B & 7B respectively].
 4. If a hospital was ever a a Rural Referral Center, it does not have to meet the 106% or the 108% test (Line 6, above), and will only be required to meet the 82% threshold (Line 7, above) even if it is located in an urban area.

DOMINATING HOSPITAL WAGE INDEX SAMPLE

Hospital's Average Hourly Wage = 22.4002

	WAGES	HOURS
Hospital	\$198,784,078	8,524,821
MSA Excluding Hospital	\$178,525,299	9,010,189

Seeking Redesignation From: URBAN
 MSA Average Hourly Wage = 22.2268

Seeking Redesignation To: URBAN
 MSA Average Hourly Wage = 23.2800

(3 YEAR AVERAGE)

Meets the 108% Criteria [42 CFR 412.230(d)(1)(iii)(B)]?:..... NO
 22.4002 / 22.2268 = 100.7801%

Meets the 84% Criteria [42 CFR 412.230(d)(1)(iv)(C)]?:..... YES
 22.4002 / 23.2800 = 96.2207%

ALTERNATIVE CRITERIA:

Reclassified for FY 92 through FY97 [42 CFR 412.230(d)(4)(iii)]?:..... YES

Current Area's Total Adjusted Uninflated Wages = \$377,309,377

Hospital's Adjusted Uninflated Wages = \$178,525,299

Hospital's Adjusted Uninflated Wages are greater than 40% of the Total Adjusted
 Uninflated Wages of its current Area [42 CFR 412.230(d)(4)(ii)]?:..... YES
 \$178,525,299 / \$377,309,377 = 47.3154%

Area's Average Hourly Wage excluding Hospital 19.8137

Meets the 108% Criteria when using alternative rules [42 CFR 412.230(d)(4)(i)]?:..... YES
 22.4002 / 19.8137 = 113.0540%

Meets the 84% Criteria [42 CFR 412.230(d)(1)(iv)(C)]?:..... YES
 22.4002 / 23.2800 = 96.2207%

Meets All Necessary Alternate Criteria?:..... YES

Meets All Necessary Criteria For Reclassification?:.....YES

- NOTES: * The above example assumes that the hospital meets all non numeric criteria such as proximity.
 * Rounding of numbers to meet the qualifying percentages is not permitted.
 * All average hourly wage data used above is the 3 year averages as published in Tables 2 and 3 of the Federal Register. The raw wage and hour data is also based on a 3 year average.