

# One-Time Notification

Pub. 100-20	Transmittal: 16	Date: October 31, 2003	Change Request 2971
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**SUBJECT:** Implementation of Corrections to: *Changes to the Hospital Inpatient Prospective Payment Systems (IPPS) and Fiscal Year 2004 Rates*; as Published in the October 6, 2003, Federal Register (68 FR 57732); and, Extension of the Provision Equalizing the Urban and Rural Standardized Medicare Inpatient Hospital Payments as Required by Public Law 108-89.

## I. GENERAL INFORMATION

**A. Background:** This implements corrections to certain wage index values, hospital geographic classifications, the assignment of cases to and payment for certain diagnosis-related groups (DRGs), and add-on payments for new technology, that were published incorrectly in the August 1, 2003, **Federal Register**. As a result of these corrections, we also calculated new average standardized amounts applicable for FY 2004. These corrections were published in the October 6, 2003, **Federal Register**.

This also implements Public Law 108-89, which extended section 402(b) of Public Law 108-7 (as implemented by Program Memorandum A-03-023, published March 28, 2003). This provision requires that all hospitals paid on the basis of the national average standardized amounts are to receive the large urban standardized amount for discharges through March 31, 2004.

**B. Policy:** The October 6, 2003, Correction Notice contained specific changes to the wage index, add-on payment for the InFUSE™ bone graft technology, and revised average standardized amounts and capital Federal rate. These changes (with the exception of changes to the rural Georgia wage index, as described below) were effective for discharges on or after October 1, 2003, and were incorporated in Pricer 04.0.

We have attached a complete listing of hospital geographic reclassifications effective for FY 2004, reflecting corrections that were included in the October 6, 2003, Correction Notice. We have been made aware that provider number 36-0037 was incorrectly shown in the Correction Notice as reclassified. This hospital actually terminated its reclassification and should not have been listed as reclassified in the Correction Notice. This has been corrected in the attached listing. We have also been made aware there was a typographical error in the national average hourly wage published in the correction notice on page 57733. The amount should be \$24.7072, not \$24.7202 as published.

We also inadvertently failed to include the wage index MSA reclassification correction for the following provider:

Provider No.	Actual MSA or Rural Area	Published Wage Index MSA reclassification	Corrected Wage Index MSA reclassification
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170022

17

7000

3760

In addition, the correction notice included several DRG changes. A new Grouper (version 21.1) and Pricer (04.1) will be in production by November 1, 2003, incorporating these changes. Because these DRG changes are effective for discharges occurring on or after October 1, 2003, affected claims that were processed before November 1, 2003, should be reprocessed.

The new Pricer will also incorporate the change to apply the large urban standardized amount to hospitals in rural and other urban areas for discharges occurring through March 31, 2004. To implement this change, we have prorated the average standardized amount applicable to these hospitals to reflect the amounts hospitals would have received had the change been implemented on October 1, 2003. Therefore, it is not necessary to reprocess claims for discharges occurring before November 1, 2003. All hospitals in large urban areas continue to be paid based on the standardized amounts published on page 57735 of the October 6, 2003, Correction Notice. The applicable standardized amounts for hospitals in other areas are:

National Adjusted Operating Standardized Amounts	Labor	Nonlabor
Other Areas	\$3,146.32	\$1,278.89

The following amounts are also applicable to the national amount for all Puerto Rico hospitals. The Puerto Rico-specific amount is also unchanged from the amount published on that page in the Correction Notice.

National Adjusted Operating Standardized Amount for Puerto Rico	Labor	Nonlabor
National	\$3,141.66	\$1,276.99

Finally, the October 6, 2003, Correction Notice indicated we were notified of a wage index data error for rural Georgia and that it was too late to make corrections to the rural Georgia wage index effective for discharges on or after October 1, 2003. We further indicated that the changes would be made effective for discharges occurring on or after January 1, 2004, the date for our next scheduled quarterly systems update. Because P.L. 108-89 requires that we update the Pricer by November 1, 2003, we will update our system off-cycle. As a result, the rural Georgia wage index changes will be incorporated into the November 1 systems update. This change also affects hospitals reclassifying into the Columbus, GA-AL Metropolitan Statistical Area, because they no longer receive the rural Georgia wage index floor. The new wage index values (replacing those originally published in Tables 4B and 4H of the August 1, 2003, **Federal Register**) are listed below. These will be incorporated in Pricer 04.1 for hospitals and in Pricer 04.1 for skilled nursing facilities. The effective dates for these changes will be discharges occurring on or after November 1, 2003.

Table 4B: (nonurban area)      Wage Index      GAF  
 Georgia                            .8369                    .8852

Table 4C:                            Wage Index      GAF  
 Columbus, GA-AL                .8477                    .8930

Table 4H: (nonurban area)      Wage Index  
 Georgia                            .8369

We are also making the corresponding change to Table 7 of the September 29, 2003, **Federal Register** publishing the corrected final wage indexes for skilled nursing facilities (SNF) (68 FR 55890 – 55896). This change is effective for discharges occurring on or after November 1, 2003.

**C. Provider Education:** Intermediaries shall notify affected hospitals of the changes by posting either a summary or relevant portions of this document on their Web site within 2 weeks. Also, intermediaries shall publish this same information in their next regularly scheduled bulletin. If they have a listserv that targets affected providers, they shall use it to notify subscribers that information about the reprocessing of claims with DRGs 104, 105, and 525 is available on their Web site.

## II. BUSINESS REQUIREMENTS

*"Shall" denotes a mandatory requirement*

*"Should" denotes an optional requirement*

Requirement #	Requirements	Responsibility
1.0	The FI shall ensure the provider specific file reflects all wage index and standardized amount reclassifications included in Attachment 1.	FI
2.0	Apply an FY 2004 hospital-specific rate budget neutrality factor of 1.002588, as described in the October 6, 2003, Correction Notice. A cumulative factor of 1.118206 should be applied to update the hospital-specific rates for FY 2000 to FY 2004.	FI
3.0	Contractors shall receive and install a new Pricer (04.1) by November 3, 2003.	SSM
4.0	Contractors shall receive and install a new Grouper (21.1) software program for determining DRG.	SSM
5.0	Once the new Pricer and Grouper are installed, the contractor shall mass adjust claims with DRGs 104, 105, and 525 and run through Grouper 21.1 and Pricer 04.1.	SSM/FI

5.1	Contractors shall have 60 days to perform mass adjustments after the new software is installed into production.	SSM/FI
6.0	Notify the affected hospitals of the changes.	FI

### III. SUPPORTING INFORMATION & POSSIBLE DESIGN CONSIDERATIONS

#### A. Other Instructions: N/A

X-Ref Requirement #	Instructions

#### B. Design Considerations:

X-Ref Requirement #	Recommendation for Medicare System Requirements
5.0	Applicable bill type is 11X

#### C. Interfaces: N/A

#### D. Contractor Financial Reporting /Workload Impact: N/A

#### E. Dependencies: N/A

#### F. Testing Considerations: N/A

### IV. SCHEDULE, CONTACTS, AND FUNDING

<p><b>Effective Date:</b> October 1, 2003</p> <p><b>Implementation Date:</b> November 5, 2003</p> <p><b>Pre-Implementation Contact(s):</b> Division of Acute Care, (410) 786-4548 (wage index, geographic reclassification, single standardized amount, DRG policy);Sarah Shirey, (410) 786-0187 (FI claims processing)</p> <p><b>Post-Implementation Contact(s):</b> Division of Acute Care, (410) 786-4548; Appropriate Regional Office (claims processing)</p>	<p><b>These instructions should be implemented within your current operating budget</b></p>
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Attachment

Attachment 1

Table 9--Hospital Reclassifications and Redesignations by Individual Hospital--FY 2004

Provider Number	Actual MSA or Rural Area	Wage Index MSA Reclassification	Standardized Amount MSA Reclassification
010005	01	1000	3440
010010	01	3440	3440
010012	01	2880	
010022	01	2880	
010035	01	1000	
010036	01	2750	
010043	01	1000	1000
010072	01	0450	0450
010089	01	1000	
010101	01	0450	0450
010118	01	5240	
010120	01	5160	
010121	01	5240	
010126	01	2180	
010150	01	5240	
010158	01	2030	
020008	02	0380	
030007	03	2620	
030012	03	6200	
030033	03	2620	
030043	03	8520	
040014	04	4400	
040017	04	26	
040019	04	4920	
040020	3700	4920	
040026	04	4400	
040027	04	7920	
040041	04	4400	
040066	04	4400	
040069	04	4920	
040072	04	4400	
040076	04	4400	
040078	04	4400	
040080	04	3700	
040088	04	7680	
040091	04	8360	
040107	04	8360	
040119	04	4400	
040136	04	4400	
050042	05	6690	

050045	05	05	7320
050071	7400	5775	
050073	8720	5775	
050101	8720	5775	
050150	05	6920	
050174	7500	8720	
050228	7360	5775	
050230	5945	4480	
050236	8735	4480	4480
050251	05	6720	
050296	05	7120	
050325	05	5170	
050335	05	5170	
050419	05	6690	
050457	7360	5775	
050494	05	6920	
050510	7360	5775	
050541	7360	5775	
050549	8735	4480	
050569	05	7500	
050594	5945	4480	
050609	5945	4480	
050668	7360	5775	
050686	6780	5945	
060001	3060	2080	2080
060003	1125	2080	2080
060013	06	0200	
060023	2995	6520	
060027	1125	2080	2080
060049	06	2670	
060057	06	2995	
060075	06	2995	
060076	06	3060	
060096	06	2080	
060103	1125	2080	2080
070006	5483	5600	
070015	3283	5600	
070018	5483	5600	
070033	5483	5600	
070034	5483	5600	
070036	3283	5483	
080002	08	08	0720
080004	2190	9160	
080007	08	0560	
100022	5000	2680	
100023	10	5960	
100024	10	5000	
100045	2020	2020	5960

100049	10	3980	
100098	10	8960	8960
100103	10	3600	3600
100105	10	2710	
100109	10	5960	
100150	10	5000	
100176	8960	2710	
100217	10	4900	
100232	10	2900	2900
100239	8280	7510	
100249	10	8280	
100268	8960	2680	
110001	11	0520	0520
110002	11	0520	
110003	11	3600	
110016	11	1800	
110023	11	0520	
110025	11	3600	3600
110029	11	0520	
110038	11	10	
110040	11	0500	0500
110041	11	0500	
110050	11	0520	
110054	11	0520	
110074	0500	0500	0520
110075	11	7520	
110118	11	0120	
110122	11	10	
110150	11	4680	
110168	11	0520	
110187	11	0520	
110188	11	0520	
110189	11	0520	
110205	11	0520	
120028	12	3320	
130002	13	29	
130003	13	6740	
130011	13	50	
130018	13	6340	
130026	13	6340	
130028	6340	7160	
130049	13	7840	
130060	13	1080	
140012	14	1600	
140014	6120	1040	
140015	14	7040	
140027	14	1960	
140031	14	1400	

140032	14	7040	
140034	14	7040	7040
140040	14	6120	
140043	14	6880	
140046	14	7040	
140058	14	7880	
140064	14	1960	
140086	14	7040	7040
140093	14	1400	
140102	14	7880	7880
140110	14	6120	
140141	14	7040	7040
140143	14	6120	
140160	14	6880	
140161	14	1600	
140164	14	7040	
140189	14	1400	
140230	14	1400	1400
140234	14	6120	
140245	14	14	7040
140271	14	7800	7800
150002	2960	1600	1600
150004	2960	1600	1600
150006	15	7800	
150008	2960	1600	1600
150011	15	3480	3480
150015	15	1600	1600
150027	15	15	3480
150030	15	3480	3480
150034	2960	1600	1600
150036	15	3850	
150048	15	3200	
150051	1020	1020	3480
150062	15	3480	3480
150065	15	3480	
150067	15	15	3480
150069	15	1640	1640
150076	15	7800	
150090	2960	1600	1600
150096	15	2330	
150102	15	7800	
150105	15	3480	
150112	15	3480	3480
150125	2960	1600	1600
150126	2960	1600	1600
150132	2960	1600	1600
150133	15	2330	
150146	15	2330	

150147	2960	1600	1600
160001	16	2120	
160016	16	2120	
160026	16	2120	
160030	16	2120	
160037	16	24	
160057	16	3500	
160064	16	24	
160080	16	6880	
160088	16	2120	
160089	16	2120	
160094	16	8920	
160122	16	14	
170001	17	9040	
170006	17	3710	
170010	17	8560	
170012	17	9040	
170013	17	9040	
170014	17	3760	
170020	17	9040	
170022	17	3760	
170023	17	9040	
170025	17	9040	
170033	17	9040	
170045	17	8440	
170058	17	3710	
170060	17	28	
170089	17	0320	
170094	17	8440	
170120	17	3710	
170131	17	8440	8440
170145	17	8560	
170166	17	0320	
170175	17	9040	
180005	18	3400	
180011	18	4280	
180012	18	4520	
180013	18	5360	
180016	18	4520	
180018	18	4280	
180027	18	1660	
180028	18	3400	
180029	18	3660	
180044	18	3400	
180048	18	4280	
180054	18	1660	
180066	18	5360	
180069	18	3400	

180078	18	3400	
180102	18	1660	
180104	18	1660	
180116	18	1660	
180124	18	5360	
180125	18	3400	
180127	18	4520	
180132	18	4280	
180139	18	4280	
190001	19	19	5560
190003	19	3880	
190015	19	5560	
190025	19	3880	
190049	19	19	5560
190054	19	3880	
190083	19	5200	
190086	19	7680	
190099	19	3880	
190106	19	3880	
190131	19	5560	
190218	19	0220	
200002	20	6403	
200020	6403	1123	1123
200024	4243	6403	
200034	4243	6403	
200039	20	6403	
200040	6403	6403	1123
200050	20	0733	
200063	20	6403	
220060	1123	0743	
220077	8003	3283	
220123	22	0743	
230022	23	0440	
230027	23	3000	3000
230030	23	6960	
230036	23	6960	
230037	23	0440	
230040	23	3720	3000
230054	23	3080	
230080	23	6960	
230096	23	3720	
230097	23	3000	
230105	23	6960	
230106	23	3000	
230121	23	2640	2640
230188	23	6960	6960
230199	23	0870	0870
230235	23	6960	6960

230253	23	2160	
240011	24	5120	5120
240013	24	5120	
240014	24	5120	
240016	24	2520	
240018	24	24	5120
240023	24	5120	
240045	24	2240	
240052	24	2520	
240064	24	2240	
240069	24	6820	
240071	24	24	5120
240072	24	2240	
240075	24	6980	
240088	24	6980	
240089	24	5120	
240119	24	2240	
240121	24	2240	
240139	24	5120	
240142	24	6980	
240152	24	5120	
240187	24	5120	
250002	25	2650	
250004	25	4920	
250009	25	3580	
250030	25	3560	
250031	25	3560	
250034	25	4920	
250042	25	4920	
250069	25	3560	
250078	3285	0920	
250081	25	3560	
250082	25	6420	
250088	25	0760	
250094	3285	0920	
250097	25	0760	
250100	25	8600	
250101	25	3560	
250104	25	3560	
250122	25	19	
250126	25	4920	
260009	26	3760	
260011	26	1740	
260015	26	3700	
260017	26	7040	
260022	26	1740	
260025	26	7040	
260034	26	3760	

260047	26	1740	
260064	26	1740	
260074	26	1740	
260078	26	7920	
260094	26	7920	
260110	26	7040	7040
260113	26	14	
260116	26	7040	
260119	26	3700	
260120	26	3700	
260127	26	7040	
260131	26	1740	
260164	26	26	7040
260183	26	7040	
260186	26	1740	
270002	27	0880	
270003	27	3040	
270011	27	3040	
270017	27	5140	
270051	27	5140	
270057	27	0880	
270082	27	3040	
280009	28	4360	
280023	28	4360	
280032	28	4360	
280054	28	4360	
280058	28	4360	
280061	28	53	
280065	28	3060	
280077	28	5920	
280111	28	5920	
280125	28	7720	
290006	29	6720	
290008	29	4120	
300003	30	1123	
300005	30	1123	
300019	30	1123	1123
300024	30	30	1123
310001	0875	5600	
310002	5640	5600	
310003	3640	5600	
310015	5640	0875	
310021	8480	5190	
310031	6160	5190	
310032	8760	6160	6160
310038	5015	5600	
310045	0875	5600	
310047	0560	6160	

310048	5015	5640	
310064	0560	6160	
310070	5015	5600	
310076	5640	5600	
310088	0560	6160	
310119	5640	5600	
320005	32	0200	
320006	32	7490	
320011	32	7490	
320013	32	7490	
320063	32	5800	
320065	32	5800	
330001	5660	0875	0875
330004	33	5660	
330023	2281	5660	5600
330027	5380	5600	
330084	33	1303	
330085	33	8160	
330103	33	33	1280
330106	5380	5600	
330126	5660	0875	0875
330135	5660	0875	0875
330136	33	8160	
330157	33	8160	
330181	5380	5600	
330182	5380	5600	
330205	5660	0875	0875
330209	5660	0875	0875
330224	33	3283	
330235	8160	8160	6840
330239	3610	2360	
330250	33	1303	
330264	5660	0875	0875
330307	33	8160	
340003	34	3120	
340008	34	2560	
340010	2980	6640	
340013	34	1520	
340017	34	0480	
340021	34	1520	
340023	34	0480	
340027	34	3150	
340039	34	1520	1520
340050	34	2560	
340051	34	3290	
340052	3120	1520	
340064	34	3120	
340068	34	9200	

340071	34	6640	6640
340088	34	0480	
340109	34	34	5720
340115	34	6640	6640
340124	34	6640	6640
340126	34	6640	6895
340129	34	1520	
340131	34	3150	
340143	3290	1520	
340144	34	1520	
340147	6895	6640	
350003	35	1010	
350005	35	2985	
350006	35	1010	
350009	35	2520	
360002	36	36	1680
360008	36	3400	
360010	36	0080	
360011	36	1840	1840
360013	36	2000	
360014	36	1840	
360024	36	1680	1680
360025	36	1680	1680
360036	36	0080	
360039	36	1840	1840
360046	3200	1640	1640
360054	36	1480	
360056	3200	1640	1640
360065	36	1680	1680
360071	36	4320	4320
360076	3200	1640	1640
360078	0080	1680	1680
360081	8400	8400	2160
360084	1320	0080	
360088	36	1840	
360090	8400	8400	2160
360092	36	1840	1840
360095	36	8400	
360107	36	8400	
360109	36	1840	1840
360112	8400	0440	
360121	36	0440	
360132	3200	1640	1640
360142	36	36	1640
360150	0080	0080	1680
360159	36	1840	
360175	36	1840	
360197	36	1840	1840

360211	8080	8080	6280
370004	37	3710	
370006	37	8560	
370014	37	7640	
370015	37	8560	
370018	37	8560	
370022	37	4200	
370023	37	4200	
370025	37	8560	
370034	37	2720	
370047	37	7640	
370048	37	8360	
370049	37	5880	
370054	37	5880	
370084	37	2720	
370103	37	45	
370153	37	4200	
370200	37	5880	
380001	38	6440	
380002	38	4890	
380006	38	38	6440
380022	38	1890	
380027	38	2400	
380040	38	2400	
380047	38	2400	
380050	38	4890	
380051	7080	7080	6440
380065	38	2400	
380070	38	6440	
380084	7080	6440	
380090	38	2400	
390006	39	3240	
390008	39	6280	6280
390013	39	3240	
390016	39	6280	6280
390017	39	6280	6280
390030	39	0240	6680
390031	39	6680	6680
390048	39	3240	
390052	39	0280	
390065	39	8840	9280
390079	39	0960	
390091	39	6280	
390093	39	6280	
390110	3680	6280	
390113	39	9320	
390133	0240	6160	
390138	39	8840	

390150	39	6280	
390151	39	8840	
390163	39	6280	
390181	39	6680	6680
390183	39	6680	6680
390189	39	3240	
390201	39	5660	5640
400018	40	1310	
410001	6483	1123	1123
410004	6483	1123	1123
410005	6483	1123	1123
410006	6483	1123	1123
410007	6483	1123	1123
410008	6483	1123	1123
410009	6483	1123	1123
410010	6483	1123	1123
410011	6483	1123	1123
410012	6483	1123	1123
410013	6483	1123	1123
420020	42	1440	
420030	42	1440	
420036	42	1520	
420068	42	0600	
420070	8140	1760	
420071	42	0600	
420080	42	7520	
420085	5330	9200	
430004	43	6660	
430008	43	24	
430012	43	7760	
430013	43	7760	
430014	43	2520	
430015	43	6660	
430028	43	6660	
430047	43	28	
430048	43	53	
430089	43	7720	
440008	44	3580	
440020	44	3440	
440024	44	1560	
440050	44	0480	
440058	44	1560	
440059	44	5360	
440060	44	3580	
440067	44	3840	
440068	44	3840	
440072	44	4920	
440073	44	5360	

440148	44	5360
440175	44	3440
440180	44	3840
440185	44	1560
440186	44	5360
440187	44	18
440192	44	5360
440200	44	5360
440203	44	1560
450007	45	7240
450014	45	8750
450080	45	4420
450085	45	9080
450098	45	4420
450099	45	0320
450140	45	5800
450144	45	5800
450146	45	0320
450163	45	1880
450178	45	5800
450187	45	3360
450192	45	1920
450194	45	1920
450196	45	1920
450211	45	3360
450214	45	3360
450224	45	8640
450347	45	3360
450351	45	2800
450353	45	1880
450373	45	4420
450395	45	3360
450400	45	8800
450438	45	0640
450447	45	1920
450451	45	2800
450484	45	3360
450508	45	8640
450534	45	0320
450623	45	1920
450626	45	8750
450653	45	5800
450656	45	8640
450694	45	3360
450747	45	1920
450755	45	4600

450763	45	0320	
450770	45	0640	
460021	46	4120	
460027	46	6520	
460032	46	6520	
460036	46	6520	
460039	46	7160	
470001	47	30	
470011	47	1123	1123
470012	47	6323	
470018	47	1123	1123
490001	49	3660	
490004	49	1540	
490005	49	8840	
490013	49	4640	
490018	49	4640	
490038	49	3660	
490047	49	8840	
490066	5720	6760	
490079	49	3120	3120
490126	49	6800	
500002	50	6740	
500003	50	0860	
500007	50	0860	
500016	50	7600	
500031	50	5910	
500041	50	6440	
500059	50	7600	
500072	50	7600	
500079	8200	8200	7600
510001	51	6280	
510002	51	6800	
510006	51	6280	
510024	51	6280	6280
510028	51	1480	
510046	51	1480	
510047	51	6280	
510048	51	3400	
510062	51	1480	
510070	51	1480	
510071	51	1480	
520002	52	8940	
520006	52	8940	
520018	52	5120	
520021	3800	1600	1600
520028	52	4720	
520032	52	4720	
520037	52	8940	

520059	6600	5080	5080
520066	3620	4720	
520071	52	5080	5080
520076	52	4720	
520084	52	4720	
520088	52	5080	
520094	6600	5080	5080
520096	6600	5080	5080
520102	52	5080	5080
520107	52	3080	
520113	52	3080	
520116	52	5080	5080
520152	52	3080	
520173	52	2240	
520189	3800	1600	1600
530002	53	1350	
530009	53	1350	
530015	53	6340	
530025	53	2670	
530032	53	7160	