

FY 2019 - MAC Implementation File 5

MACs shall update the PSF by following the steps **in the order listed below to ensure the appropriate wage index is assigned properly** based on policies mentioned in the corresponding implementation instructions. **We note, as MACs follow the steps in the sequence below, they may overwrite values filled in from a previous step.**

Files for download listed throughout this document are available on the CMS website. MACs shall use the following links for files for download on the following pages (when not otherwise specified):

- [**FY 2019 Final Rule Tables Webpage**](#)
- [**FY 2019 Final Rule Data Files Webpage**](#)
- [**MAC Implementation Files Webpage**](#)

Alternatively, the files on the webpages listed above are also available on the CMS website at [Acute Inpatient PPS website](#) Click on the link on the left side of the screen titled, “FY 2019 IPPS Final Rule Home Page” or the link titled “Acute Inpatient--Files for Download” (and select ‘Files for FY 2019 Final Rule and Correction Notice’).

Note: Unless otherwise instructed, MACs shall use the final rule or if applicable correction notice version of the tables and data files posted on the FY 2019 Final Rule Tables and FY 2019 Final Rule Data Files webpages. Information on revisions made to the applicable correction notice tables and data files can be found on the MAC Implementation Files Webpage.

Section 1: Hospitals Listed on FY 2019 Final Rule Table 2

Step 1- STATE CODE, GEOGRAPHIC CBSA and COUNTY CODE: Ensure the following fields are filled out for all providers with the correct value:

- Data element 19 contains the two digit state code. This field must match **the first** state code listed for each state on Publication 100-07, State Operations Manual, Chapter 2, Section 2779A1. This manual is available on the CMS website at [State Operations Manual Chapter 2](#).
- The Actual Geographic Location Core-Based Statistical Area (CBSA) field in the PSF (data element 35) contains either a two digit state code or a 5 digit CBSA code (depending on if the hospital is physically located in an urban or rural area). This field should match the value in the “Geographic CBSA” column on FY 2019 Final Rule Table 2.
- The county code field (data element 60) contains the 5 digit FIPS county code. This field should match the value on the “FIPS County Code” column on FY 2019 Final Rule Table 2.

Step 1a- Removal of Special Pay Wage Indexes: Pricer will apply the out migration adjustment. Therefore, for all IPPS providers, MACs shall ensure that no hospital has a “1” or “2” in the Special Payment Indicator (data element 33) field and no wage index value in the Special Wage Index field (data element 38) with an effective date of October 1, 2018.

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Unless otherwise instructed by CMS, MACs must seek approval from the CMS central office to use a “1” or “2” in the Special Payment Indicator (data element 33) field and a wage index value in the Special Wage Index field (data element 38).

Step 1b- Indian Health Providers: Pricer will apply the applicable wage index for Indian Health Service (IHS) or Tribal hospitals if the Provider Type Field (data element 9) is a “08”. MACs shall ensure that data element 9 is a “08” for IHS or Tribal hospitals and follow the rest of the steps below in this section.

Step 1c- Hospitals located in new CBSA 46300 (Twin Falls, Idaho): For hospitals with FIPS county codes 16053 (Jerome County, Idaho) and 16083 (Twin Falls County, Idaho) in data element 60, change the CBSA in data element 35 from the two digit state code to the 5 digit CBSA code of 46300 with an effective date of October 1, 2018.

Step 2- LUGAR Hospitals

- a) The following hospitals have waived LUGAR status for FY 2019 and are deemed rural for all payments: 010164, 070004, 070011, 140167, 250117, 390008 and 390150. For these hospitals, MACs shall enter the following with an effective date of October 1, 2018:
- Data element 35 reflects the CBSA of the hospital’s geographic rural location. This field should match the value in the “Geographic CBSA” column on FY 2019 Final Rule Table 2.
 - Data elements 33, 36, and/or 37 shall contain “blank” values.

Note: These hospitals above are now eligible for the out migration adjustment (as described in the note below in this section).

- b) For hospitals that are an active urban to rural 412.103 reclassification as of October 1, 2018 and the following is displayed on FY 2019 Final Rule Table 2: a “Y” in the “Dual Status 412.103 and MGCRB/LUGAR” column; and have the word “LUGAR” or “NECMA” in the “Lugar/NECMA” column, MACs shall enter the following with an effective date of October 1, 2018:
- Enter the two digit state code from data element 19 in the Standardized Amount CBSA field (data element 37).
 - Enter a "Y" for reclassified in the Special Payment Indicator field (data element 33)
 - Enter the CBSA from the Reclassified/Redesignated column on FY 2019 Final Rule Table 2 in the Wage Index Location CBSA field (data element 36)
 - Ensure that data element 38 is blank

Note: Under this scenario (2(b)), MACs shall ensure that hospitals located in a LUGAR county, that is, hospitals that have an active urban to rural 412.103 reclassification as of October 1, 2018 and did not waive its LUGAR status, are properly reflected in the PSF per

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the instruction above (for a list of hospitals that waived LUGAR status and instructions for the PSF, see step 2(a)).

- c) For hospitals that have the following on FY 2019 Final Rule Table 2: the word “LUGAR” or “NECMA” in the “Lugar/NECMA” column, do **not** have a “Y” in the “MGCRB Reclass” column, and have a blank in the “Dual Status 412.103 and MGCRB/LUGAR” column, MACs shall enter the following with an effective date of October 1, 2018:
- Ensure the two digit rural CBSA state code from the “Geographic CBSA” column (FY 2019 Final Rule Table 2) is in the Geographic Location Core-Based Statistical Area (CBSA) field in the PSF (data element 35). (This two digit rural CBSA code is the same as the state code in data element 19.)
 - Enter a "Y" for reclassified in the Special Payment Indicator field (data element 33)
 - Enter the CBSA from the Reclassified/Redesignated column in FY 2019 Final Rule Table 2 in the Wage Index Location CBSA field (data element 36)
 - Enter the CBSA from the Reclassified/Redesignated column in FY 2019 Final Rule Table 2 in the Standardized Amount CBSA field (data element 37).
- d) For hospitals that have the following on FY 2019 Final Rule Table 2: the word “LUGAR” or “NECMA” in the “Lugar/NECMA” column, **have** a “Y” in the “MGCRB Reclass” column, and have a blank in the “Dual Status 412.103 and MGCRB/LUGAR” column, MACs shall enter the following with an effective date of October 1, 2018:
- Ensure the two digit state code from data element 19 matches the Geographic Location Core-Based Statistical Area (CBSA) field in the PSF (data element 35).
 - Enter a "Y" for reclassified in the Special Payment Indicator field (data element 33)
 - Enter the CBSA from the Reclassified/Redesignated column on FY 2019 Final Rule Table 2 in the Wage Index Location CBSA field (data element 36)
 - Match the “County Code” in the FIPS County Code column on FY 2019 Final Rule Table 2 to the FIPS County code on MAC Implementation File 4 and enter the urban CBSA on MAC Implementation File 4 from the column titled “LUGAR CBSA” in the Standardized Amount CBSA field (data element 37)

Step 3- Urban to Rural Reclassification (42 CFR 412.103):

For hospitals that are an active urban to rural 412.103 reclassification as of October 1, 2018 and the following is displayed on FY 2019 Final Rule Table 2: a “Y” in the “Hospital Reclassified as Rural Under Section 1886(d)(8)(E) of the Act (412.103)” column, a blank in the “Dual Status 412.103 and MGCRB/LUGAR” column, MACs shall enter the following with an effective date of October 1, 2018:

- Enter the two digit state code from data element 19 in the Standardized Amount CBSA field (data element 37).

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- Ensure that data elements 33, 36, and 38 are blank.

*Note: FY 2019 Final Rule Table 2 contains a hospital's urban to rural 412.103 reclassification status as of the time of the development of the FY 2019 final rule. A hospital may have been approved or may have cancelled urban to rural 412.103 reclassification after this time and before October 1, 2018; thus, a hospital's urban to rural 412.103 reclassification status at the time of the effective date of this instruction may not be reflected in FY 2019 Final Rule Table 2. Therefore, **MACs shall ensure that any changes in urban to rural 412.103 reclassification status are reflected in the PSF so hospitals are paid appropriately for periods prior to and after October 1, 2018.** To update the PSF, follow the instructions in Section 3 (titled "Hospitals Approved for an Urban to Rural Reclassification Under Section 1886(d)(8)(E) of the Act (42 CFR 412.103) in the Middle of the Fiscal Year") below, if the hospital was approved for an urban to rural 412.103 reclassification, and follow the instructions in Section 4 (titled "Hospitals that Cancel their Urban to Rural Reclassification Under Section 1886(d)(8)(E) of the Act (42 CFR 412.103) in the Middle of the Fiscal Year") below, if the hospital cancelled its urban to rural 412.103 reclassification. As discussed in these sections, it may be necessary for the MAC to reprocess claims from the effective date in the PSF until the date of reprocessing to ensure that claims are paid correctly.*

Note: For hospitals that are subsequently approved for urban to rural 412.103 reclassification with an effective date after 10/1/2018, see Section 3 (titled "Hospitals Approved for an Urban to Rural Reclassification Under Section 1886(d)(8)(E) of the Act (42 CFR 412.103) in the Middle of the Fiscal Year") below. Also, for hospitals that subsequently cancel an approved urban to rural 412.103 reclassification with an effective date after 10/1/2018, see Section 4 (titled "Hospitals that Cancel their Urban to Rural Reclassification Under Section 1886(d)(8)(E) of the Act (42 CFR 412.103) in the Middle of the Fiscal Year") below.

Step 4- MGCRB Reclassification:

- a) For hospitals that are an active urban to rural 412.103 reclassification as of October 1, 2018, and the following is displayed on FY 2019 Final Rule Table 2: a "Y" in the "MGCRB Reclass to Home" column; the CBSA in the "Geographic CBSA" column **matches** the CBSA in the "Reclassified/Redesignated CBSA column", MACs shall enter the following with an effective date of October 1, 2018:
 - Enter the two digit state code from data element 19 in the Standardized Amount CBSA field (data element 37).
 - Enter a "D" for reclassified in the Special Payment Indicator field (data element 33)
 - Enter the CBSA from the Reclassified/Redesignated column on FY 2019 Final Rule Table 2 in the Wage Index Location CBSA field (data element 36)

Note: Under this scenario (4(a)), MACs shall ensure that hospitals with dual status have an active urban to rural 412.103 reclassification as of October 1, 2018.

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b) For hospitals that are an active urban to rural 412.103 reclassification as of October 1, 2018 and the following is displayed on FY 2019 Final Rule Table 2: a “Y” in the “Dual Status 412.103 and MGCRB/LUGAR” column; a “Y” in the “MGCRB Reclass” column, a blank in the “MGCRB Reclass to Home” column, the “Lugar/NECMA” column is blank, the CBSA in the “Geographic CBSA” column **differs** from the CBSA in the “Reclassified/Redesignated CBSA column”, MACs shall enter the following with an effective date of October 1, 2018:

- Enter the two digit state code from data element 19 in the Standardized Amount CBSA field (data element 37).
- Enter a "Y" for reclassified in the Special Payment Indicator field (data element 33)
- Enter the CBSA from the Reclassified/Redesignated column on FY 2019 Final Rule Table 2 in the Wage Index Location CBSA field (data element 36)
- Ensure that data element 38 is blank

Note: Under this scenario (4(b)), MACs shall ensure that hospitals with dual status have an active urban to rural 412.103 reclassification as of October 1, 2018.

c) For hospitals that have the following on FY 2019 Final Rule Table 2: a “Y” in the “MGCRB Reclass” column (and do not have a “Y” in the “Dual Status 412.103 and MGCRB/LUGAR” column and do not have the word “LUGAR” or “NECMA” in the “Lugar/NECMA” column), MACs shall enter the following with an effective date of October 1, 2018:

- Enter a "Y" for reclassified in the Special Payment Indicator field (data element 33)
- Enter the reclassified CBSA from the column titled ““Reclassified/Redesignated CBSA” on FY 2019 Final Rule Table 2 in the Wage Index Location CBSA field (data element 36).
- Ensure that data elements 37 and 38 are blank.

Step 5:

- (a) If a hospital is located in a LUGAR county or qualified for reclassification (MGCRB and/or urban to rural 412.103) in FY 2018, MACs must verify that the hospital’s LUGAR status or reclassification carries over to FY 2019. MACs shall ensure that all hospitals that are located in a LUGAR county or qualified for reclassification in FY 2018 continue to maintain such status by following steps 1-4 above.
- (b) If a hospital no longer has the word “LUGAR” or “NECMA” in the “Lugar/NECMA” column on FY 2019 Final Rule Table 2, or no longer has a “Y” in the “MGCRB Reclass” column on FY 2019 Final Rule Table 2 for FY 2019, MACs shall delete the reclassified CBSA from data elements 36 and/or 37 and insert “blank” in data element 33 with an effective date of October 1, 2018.

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NOTE: *Out Migration Adjustment:* The Pricer will apply the out migration adjustment. Hospitals that are LUGAR (and did not waive their LUGAR status) or qualify for MGCRB or urban to rural 412.103 reclassification are not eligible for the out migration adjustment. Therefore, if the MAC has entered a "Y" in the Special Payment Indicator field (data element 33) from step 2, 3 or 4 or has entered the rural CBSA in data element 37, then the hospital does not qualify for the out migration adjustment.

Section 2: Hospitals Not Listed on FY 2019 Final Rule Table 2 and New Hospitals in FY 2019

Note: Only hospitals listed on FY 2019 Final Rule Table 2 are typically eligible for MGCRB reclassification. Therefore, this section does not address MGCRB reclassification.

Step 1- STATE CODE: Ensure the state code in data element 19 is filled out. This field should match **the first state code** listed for each state on Publication 100-07, State Operations Manual, Chapter 2, Section 2779A1. This manual is available on the CMS website at [State Operations Manual Chapter 2](#).

Step 1a- Special Pay Wage Indexes: The Pricer will apply the out migration adjustment. Therefore, for all IPPS providers, MACs shall ensure that no hospital has a "1" or "2" in the Special Payment Indicator (data element 33) field and no wage index value in the Special Wage Index field (data element 38) with an effective date of October 1, 2018.

Unless otherwise instructed by CMS, MACs must seek approval from the CMS central office to use a "1" or "2" in the Special Payment Indicator (data element 33) field and a wage index value in the Special Wage Index field (data element 38).

Step 1b- Indian Health Providers: Pricer will apply the applicable wage index for Indian Health Service (IHS) or Tribal hospitals if the Provider Type Field (data element 9) is a "08". MACs shall ensure that data element 9 is a "08" for IHS or Tribal hospitals and follow the rest of the steps below in this section.

Step 2a- County Code: Fill in the FIPS county code in the county code field (data element 60). MACs shall determine the county where the provider is located and fill in the appropriate FIPS county code in the "FIPS County Code" column from the *County to CBSA Crosswalk* file on the FY 2019 Final Rule Data Files webpage. **Note: Do NOT use the code in the column titled "SSACD".**

Step 2b- Geographic Location: MACs shall ensure the Actual Geographic Location Core-Based Statistical Area (CBSA) field in the PSF (data element 35) reflects the correct current CBSA delineations. Use the *County to CBSA Crosswalk* file on the on the FY 2019 Final Rule Data Files webpage. Determine the county that the hospital is located in and insert in data element 35 the CBSA code from the column titled "CBSA". If the CBSA column is blank, then the hospital is rural so insert the two digit state code from data element 19 into data element 35.

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Step 3- LUGAR Hospitals:

- a) For hospitals located in rural counties that are deemed Lugar counties on MAC Implementation File 4 and are not approved for an urban to rural 412.103 reclassification, MACs shall do the following:
- Enter a "Y" for reclassified in the Special Payment Indicator field (data element 33)
 - Enter the urban CBSA on MAC Implementation File 4 from the column titled "LUGAR CBSA" in the Wage Index Location CBSA field (data element 36) *and* in the Standardized Amount CBSA field (data element 37) with an effective date of October 1, 2018.

Note: Only those counties listed on MAC Implementation File 4 are deemed Lugar for FY 2019.

- b) For hospitals located in rural counties that are deemed Lugar counties on MAC Implementation File 4 and have been approved by the CMS regional office to reclassify as rural under section 1886(d)(8)(E) of the Act (42 CFR 412.103), MACs shall do the following:
- Enter the two digit state code from data element 19 in the Standardized Amount CBSA field (data element 37) with an effective date of October 1, 2018 or effective the date that the CMS Regional Office received the hospital's application (typically specified in the Regional Office's approval letter).
 - Enter a "Y" for reclassified in the Special Payment Indicator field (data element 33).
 - Enter the urban CBSA on MAC Implementation File 4 from the column titled "LUGAR CBSA" in the Wage Index Location CBSA field (data element 36)
 - Ensure that data element 38 is blank.

Note: Only those counties listed on MAC Implementation File 4 are deemed Lugar for FY 2019.

Step 4- Urban to Rural Reclassification (42 CFR 412.103):

If a hospital is located in an urban CBSA and has been approved by the CMS Regional Office to reclassify as rural under section 1886(d)(8)(E) of the Act (42 CFR 412.103) (and the hospital is not located in a LUGAR county on MAC Implementation File 4 and does not have a MGCRB reclassification), MACs shall do the following:

- Enter the two digit state code from data element 19 in the Standardized Amount CBSA field (data element 37) with an effective date of October 1, 2018 or effective the date that the CMS Regional Office received the hospital's application (typically specified in the Regional Office's approval letter).
- Ensure that data elements 33, 36, and 38 are blank.
- Ensure that all claims after the effective date in the PSF are paid correctly; the MAC may need to apply different wage indexes for portions of the Federal fiscal year, and may need to reprocess claims from the effective date in the PSF until the date of reprocessing to ensure that claims are paid correctly.

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- **Note:** For hospitals that are subsequently approved for urban to rural 412.103 reclassification with an effective date after 10/1/2018, see section 3 (titled “Hospitals Approved for an Urban to Rural Reclassification Under Section 1886(d)(8)(E) of the Act (42 CFR 412.103) in the Middle of the Fiscal Year”) below. Also, for hospitals that subsequently cancel an approved urban to rural 412.103 reclassification with an effective date after 10/1/2018, see Section 4 (titled “Hospitals that Cancel their Urban to Rural Reclassification Under Section 1886(d)(8)(E) of the Act (42 CFR 412.103) in the Middle of the Fiscal Year”) below.

Step 5: If a hospital is located in a LUGAR county or qualified for reclassification (MGCRB and/or urban to rural 412.103) in FY 2018, MACs must verify that the hospital’s LUGAR status or reclassification carries over to FY 2019. MACs shall ensure that all hospitals that are located in a LUGAR county or qualified for reclassification in FY 2018 continue to maintain such status by following steps 1-4 above. If a hospital no longer has LUGAR status or no longer qualifies for reclassification for FY 2019, MACs shall delete the reclassified CBSA from data elements 36 and/or 37 and insert “blank” in data element 33 and 38.

NOTE: Out-Migration Adjustment: Pricer will apply the out migration adjustment. Hospitals that are LUGAR (and did not waive their LUGAR status) or qualify for MGCRB or urban to rural 412.103 reclassification are not eligible for the out migration adjustment. Therefore, if the MAC has entered a "Y" in the Special Payment Indicator field (data element 33) from step 3 or 4 or has entered the rural CBSA in data element 37, then the hospital cannot qualify for the outmigration adjustment.

Section 3: Hospitals Approved for an Urban to Rural Reclassification Under Section 1886(d)(8)(E) of the Act (42 CFR 412.103) in the Middle of the Fiscal Year

At any point during a fiscal year, MACs may be notified by the CMS Regional Offices of hospitals located in an urban CBSA that are approved to reclassify as rural under section 1886(d)(8)(E) of the Act (42 CFR 412.103). The regulations at 412.103(a)(c) provide the CMS Regional Offices with up to 60 days to review and approve an urban to rural 412.103 reclassification request.

- a) Hospitals nationwide that have an MGCRB reclassification or LUGAR status and are then subsequently approved by the CMS Regional Office to reclassify as rural under section 1886(d)(8)(E) of the Act (42 CFR 412.103) **may keep** their existing LUGAR status or MGCRB reclassification for purposes of payment under the wage index. Under this scenario, MACs shall enter the following with an effective date in the PSF that is the date that the CMS Regional Office received the hospital’s urban to rural 412.103 reclassification application (typically specified in the Regional Office’s approval letter):
 - a) Enter the two digit state code from data element 19 in the Standardized Amount CBSA field (data element 37).
 - b) Enter (or leave in place) a "Y" or “D” for reclassified in the Special Payment Indicator field (data element 33).

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- c) Enter (or leave in place) the MGCRB or LUGAR CBSA in the Wage Index Location CBSA field (data element 36)
 - d) Ensure that data element 38 is blank.
 - e) Ensure that all claims after the effective date in the PSF are paid correctly. We note, if the MAC made no changes to data elements 33 and 36 and therefore no changes were made to the wage index, an urban to rural 412.103 reclassification still affects other payment policies such as Medicare Disproportionate Share (DSH). Therefore, if necessary, the MAC may still need to reprocess claims from the effective date in the PSF until the date of reprocessing to ensure that claims are paid correctly.
- b) If the hospital is approved by the CMS Regional Office to reclassify as rural under section 1886(d)(8)(E) of the Act (42 CFR 412.103) **and does not** have an existing LUGAR status or MGCRB reclassification, MACs shall enter the following with an effective date in the PSF that is the date that the CMS Regional Office received the hospital's urban to rural 412.103 reclassification application (typically specified in the Regional Office's approval letter):
- Enter the two digit state code from data element 19 in the Standardized Amount CBSA field (data element 37).
 - Ensure that data elements 33, 36, and 38 are blank.
 - Ensure that all claims after the effective date in the PSF are paid correctly; if necessary, the MAC may need to reprocess claims from the effective date in the PSF until the date of reprocessing to ensure that claims are paid correctly.

Section 4: Hospitals that Cancel their Urban to Rural Reclassification Under Section 1886(d)(8)(E) of the Act (42 CFR 412.103) in the Middle of the Fiscal Year

If a hospital notifies the CMS Regional Office that it wishes to cancel its urban to rural reclassification under section 1886(d)(8)(E) of the Act (42 CFR 412.103), MACs shall do the following:

- a) Delete the rural CBSA from Standardized Amount CBSA field (data element 37) effective with the beginning of the hospital's next full cost reporting period (or if the hospital is a Rural Referral Center, effective with the beginning of the Federal fiscal year following the 12-month cost reporting period in which it was paid as rural). The effective date of this change must follow the rules of section 412.103(g).
- b) If the hospital is listed on FY 2019 Final Rule Table 2, follow steps 1, 1a, 1b, 1c, 2(c), 2(d), 4(a), 4(c), and 5 in Section 1 above (titled "Hospitals Listed on FY 2019 Final Rule Table 2") with the following exceptions:
 - For steps 2(c) and 2(d), disregard the requirement that hospitals must have a blank in the "Dual Status 412.103 and MGCRB/LUGAR" column);

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- For step 4(c), disregard the requirement that hospitals do not have a “Y” in the “Dual Status 412.103 and MGCRB/LUGAR” column).

Note: Per the steps required of this bullet, if the hospital has LUGAR status or is approved for reclassification by the MGCRB, leave in place the following: the MGCRB or LUGAR CBSA in the Wage Index Location CBSA field (data element 36) and the "Y" or "D" for reclassified in the Special Payment Indicator field (data element 33).

- c) If the hospital is not listed on FY 2019 Final Rule Table 2, follow steps 1, 1a, 1b, 2a, 2b, 3, and 5 (skip step 4) in section 2 above (titled “Hospitals Not Listed on FY 2019 Final Rule Table 2 and New Hospitals in FY 2019”).

Note: Per the steps required of this bullet, if the hospital has LUGAR status or is approved for reclassification by the MGCRB, leave in place the following: the MGCRB or LUGAR CBSA in the Wage Index Location CBSA field (data element 36) and the "Y" for reclassified in the Special Payment Indicator field (data element 33).

- d) Ensure claims are paid correctly. It may be necessary for the MAC to reprocess claims from the effective date in the PSF until the date of reprocessing to ensure that claims are paid correctly.