

MLN Matters Number: MM3672

Related Change Request (CR) #: 3672

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Related CR Transmittal #: 422

Implementation Date: January 3, 2005

Update to Fiscal Year 2005 Wage Index for Inpatient Prospective Payment System (IPPS) and Outpatient Prospective Payment System (OPPS) Hospitals

Note: This article was updated on May 9, 2013, to reflect current Web addresses. All other information remains unchanged.

Provider Types Affected

Providers who bill fiscal intermediaries (FIs) for claims paid under the IPPS or OPPS

Provider Action Needed



STOP – Impact to You

This change request and the attachments outline updates to Fiscal Year 2005 Wage Index for IPPS and OPPS Hospitals. The corrected wage index tables have been published in the December 30, 2004 Federal Register Correction Notice to the IPPS Final Rule.



CAUTION – What You Need to Know

This update, based on a correction notice to the Federal Register, also updates the information published in CR 3459 and in *MLN Matters* article MM3459.



GO – What You Need to Do

Please note that the corrected tables are available for download on the IPPS website at <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/AcuteInpatientPPS/index.html> on the CMS website.

Disclaimer

This article was prepared as a service to the public and is not intended to grant rights or impose obligations. This article may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations and other interpretive materials for a full and accurate statement of their contents.

To ensure accurate claims processing: Please review the information included here and in the corrected tables mentioned above to stay current with instructions pertaining to FY 2005 Wage Index.

Background

The updated wage index values for the Core-Based Statistical Area (CBSA) designations are listed in Attachment 1 of CR 3672.

Attachment 2 of CR 3672 lists changes for hospitals that require a Special Wage Index. Attachment 2 includes blended wage indexes, hold harmless wage indexes and other special wage index exceptions that have changed since CR 3459 was released. Attachment 2 is also updated to include providers who are located in CBSAs listed in Attachment 1 where the changes to the wage data have caused their wage index values to change.

Providers that do not appear on Attachment 2 and/or Table 2 of the December 30, 2004 IPPS Correction Notice, will need to refer to the provider's CBSA wage index on Table 4A2 of the IPPS Correction Notice and the provider's MSA wage index on Table 4A1.

Providers reclassified under 1886(d)(8) or 1886(d)(10) should refer to Table 4C1 and 4C2 of the IPPS Correction Notice. If the CBSA wage index on table 4A2 is higher than the MSA wage index, the provider should receive the CBSA wage index.

For any providers that have an MSA wage index that is higher than the CBSA wage index a blended wage index is computed by taking: $(.50 * \text{MSA Wage Index} + .50 * \text{CBSA Wage Index})$.

In accordance with §412.316, the Geographic Adjustment Factor (GAF) under the capital PPS is based on the hospital wage index value that is applicable to the hospital under 412.63(k) (that is, the operating PPS). Therefore, if a hospital receives a "special wage index" (i.e., section 508 reclassification, 50/50 blended MSA/CBSA wage index, or the out-commuting adjustment) under the operating PPS, then its GAF is computed from that "special wage index" value. The GAF is calculated as the wage index is raised to the 0.6848 power.

Additional Information

The official instruction issued regarding this change can be found at <http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/downloads/R422CP.pdf> on the CMS website.

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Please note that the corrected tables are also available for download on the IPPS website at <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/AcuteInpatientPPS/index.html> on the CMS website.

If you have questions regarding this issue, you may also contact your fiscal intermediary at their toll free number, which may be found at <http://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/provider-compliance-interactive-map/index.html> on the CMS website.

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