
Medicare

Provider Reimbursement Manual Part 1, Chapter 14, Reasonable Cost of Therapy and Other Services Furnished by Outside Suppliers

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CLARIFIED/UPDATED MATERIAL--*EFFECTIVE DATE*: The inflation factors in Section 1499 are applied at the beginning of a cost reporting period.

Section 1499, Exhibit C-3 Adjusted Hourly Salary Equivalency Amount Monthly Inflation Factors For Critical Access Hospitals (CAH) and CAHs With Swing Beds, provides inflation factors to be applied to the published April 10, 1998, physical therapy, respiratory therapy, occupational and speech-language pathology, guideline amounts at the start of a provider's cost reporting period and remain in effect for the entire cost reporting period.

CAHs and CAH swing beds are not paid under any prospective payment system, and continue to be paid on the basis of reasonable cost; therefore, the salary equivalency guidelines continue to apply to them. Exhibit C-3 provides adjusted hourly salary equivalency amount monthly inflation factors for cost reporting periods beginning on or after April 2001.

This transmittal updates Exhibit C-3 by updating factor for the month of March 2019 from forecast to historical factor and adding factors for the months of April 2019 through December 2019, based on the Composite Therapy Index from IHS Global Insight, Inc.

DISCLAIMER: The revision date and transmittal number apply to the red italicized material only. Any other material was previously published and remains unchanged.

CHAPTER 14

REASONABLE COST OF THERAPY AND OTHER SERVICES FURNISHED BY OUTSIDE SUPPLIERS

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CHAPTER 14

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General

1400. PRINCIPLE

Effective with provider cost reporting periods beginning on or after April 1, 1975, the reasonable cost of the services of physical, occupational, speech, and other therapists, or services of other health-related specialists (except physicians), performed by outside suppliers for a provider of services, a clinic, a rehabilitation agency, or public health agency is limited to: (1) amounts equivalent to the salary and other costs that would have been incurred by the provider if the services had been performed in an employment relationship, plus (2) an allowance to compensate for other costs an individual not working as an employee might incur in furnishing services under arrangements. However, this reasonable cost may be determined on the basis of a reasonable rate per unit of service: (1) where the services of a therapist or other health-related specialist are required only on a limited part-time basis or only intermittently; and (2) where aggregate reimbursement on this per unit of service basis is less than what the provider would have paid a salaried employee therapist or other health-related specialist on a full-time or regular part-time basis. (See 42 CFR 413.106.) In no case, though, may reasonable cost exceed the amount actually paid the outside supplier for services rendered.

This principle applies to all Part A and Part B therapy and other health-related services provided by outside suppliers and reimbursable on a reasonable cost basis. Effective with cost reporting periods beginning on or after October 1, 1983, the salary equivalency guidelines do not apply to inpatient hospital services (furnished under an arrangement by an outside supplier) paid for under the prospective payment system (as provided by 42 CFR 412) or reimbursed in accordance with a ceiling on rate of hospital cost increases (as provided by 42 CFR 413.40). The salary equivalency guidelines also will not apply to skilled nursing facilities (SNFs), home health agencies (HHAs), or community mental health services (CMHCs), when they are paid under a prospective payment system for therapy services furnished under an arrangement for cost reporting periods beginning on or after July 1, 1998, for SNFs; for cost reporting periods beginning on or after October 1, 1999, for HHAs; or for services furnished during calendar year 1999, for CMHCs. The salary equivalency guidelines also will not apply for outpatient therapy services furnished under an arrangement by an SNF or an outpatient rehabilitation provider for services provided to those patients when payment for those services moves to a fee schedule basis as required under the Balanced Budget Act of 1997. The guidelines also will not apply to therapy services furnished under an arrangement by an outpatient rehabilitation provider, a comprehensive outpatient rehabilitation facility, an HHA providing outpatient rehabilitation services to patients who are not eligible for the home health benefit, or the outpatient department of a hospital when payment for those services is made on a fee schedule basis beginning on January 1, 1999. The terms "therapy" and "therapist" are used throughout this chapter in a general way as a matter of convenience and in no way imply that any provision is limited to a specific therapy or applies only to therapy services to the exclusion of other health-related services. While examples throughout this chapter generally refer to only one therapy, there is no intention to restrict the instructions only to that therapy. Rather, the provisions of the chapter are to be applied individually to each of a provider's under arrangement services; i.e., the costs of each therapy or service will be evaluated under the guidelines independently of all others. Where guidelines have not yet been issued for a particular therapy or service furnished under arrangements, the costs of furnishing such therapy or service will continue to be evaluated under the Medicare reasonable cost principles. This chapter applies to all therapist and other health-related services provided under arrangement, but nothing in it is intended to abrogate any instructions which exclude a specific therapy or service from coverage in certain circumstances referred to in this chapter or in other health insurance manuals.

1402. DEFINITIONS

1402.1 Prevailing Salary.--The cost of therapy services furnished by outside suppliers is evaluated in terms of the actual cost incurred by the provider for the services in comparison with the prevailing hourly salary rates paid to full-time therapists or other health-related specialists employed by providers in the area for the type of service furnished. The prevailing salary is the hourly salary rate based on the 75th percentile of the range of salaries, by type of therapy, paid by providers in the geographical area to therapists or other health-related specialists working full time in an employment relationship. These rates are based on salary data compiled by the Bureau of Labor Statistics (BLS) in their triennial surveys along with data from several other sources of hospital and nursing home data. The rates will be updated for intervening years through use of a rehabilitation therapist price index.

1402.2 Fringe Benefit and Expense Factor.--The fringe benefit and expense factor is an allowance that compensates an outside supplier both for fringe benefits and for the expenses of a nonemployee therapist or other health-related specialist. In addition to a regular salary, an employee of a provider generally receives certain fringe benefits which may include vacation and sick pay, holidays, personal leave, insurance premiums, pension payments, allowances for job-related training, meals, severance pay, bonuses, etc. An outside supplier may have some incidental expenses in connection with furnishing services to a provider at a provider site, such as maintaining an office to make the necessary arrangements with the provider. These expenses include office space, telephone, bookkeeping, billing and accounting fees, an answering service or a secretarial service, and professional costs, as well as appropriate insurance. Although the amount of these expenses may vary, a standard fringe benefit and expense factor is used to take both fringe benefits and nonemployee expenses into account. The factor is expressed as a percentage of the prevailing salary. This percentage is determined on a periodic basis by type of therapy.

The Medicare program will not recognize in the fringe benefit and expense factor any costs incurred by an outside supplier in connection with his other private practice because the services being evaluated are performed either at the provider site where the provider furnishes the space, heat, light, and, in most cases, the equipment and supplies, or at the patient's residence.

1402.3 Adjusted Hourly Salary Equivalency Amounts.--The adjusted hourly salary equivalency amount is the prevailing hourly salary rate plus the fringe benefit and expense factor described in §§1402.1 and 1402.2. This amount is determined on a periodic basis for appropriate geographical areas. (See exhibits at end of chapter.)

1402.4 Standard Travel Allowance.--A standard travel allowance is an amount equal to one-half of the applicable adjusted hourly salary equivalency amount. The amount of the standard travel allowance is not affected by the additional allowances described in §§1412.4 and 1412.5 for supervisory and administrative responsibilities and overtime. The travel allowance will be separately determined, where appropriate, for physical therapy, occupational therapy and speech-language pathology assistants, as specified in §1412.2, and for the exception because of unique circumstances or special labor market conditions described in §1414.2. The standard travel allowance is supplemented by the standard travel expense described in §1412.6.

1402.5 Optional Travel Allowance for Home Health Agencies and Other Providers.--When services are performed for a home health agency by an outside supplier or effective with services furnished on or after April 10, 1998, by other providers who furnish therapy services by an outside supplier in areas in which geographic distance creates unique labor markets, e.g., rural areas, the actual number of travel hours may be used in lieu of the standard travel allowance, at the option of the home health agency or other providers, provided the home health agency or other provider maintains time records of visits (see §1409.1). Only the actual time spent in travel to reach the visit site is included in the actual travel time. Payment for the actual travel hours is based on the adjusted hourly salary equivalency amount for the area, and this amount is not affected by the additional allowance for administrative-supervisory duties or by any other additional allowances described in §1412.

The optional travel allowance is supplemented by either the standard travel expense or the optional travel expense described in §1412.6.

1402.6 Guidelines.--Guidelines are the amounts published by the Centers for Medicare and Medicaid Services (CMS) reflecting the application of the prevailing salary, the fringe benefit and expense factor, the adjusted hourly salary equivalency amount, and the standard travel allowance, to an individual therapy or other health-related service and a geographical area. Prior to the onset of a period to which a guideline will be applied, a notice will be published in the Federal Register establishing the guideline amounts to be applied to each geographical area by type of service. These guidelines will also be published as exhibits at the end of this chapter.

1402.7 Full-Time or Regular Part-Time Services.--A provider is considered to require the services of an outside supplier for a particular service on a full-time or regular part-time basis if the total hours of services performed for the provider, by type of service, average 15 or more hours per week for the weeks in the cost reporting period in which services were rendered by nonemployee therapists. (Travel time is not counted in the computation, even if the actual travel time is used.)

1402.8 Limited Part-Time or Intermittent Services.--A provider is considered to require the services of an outside supplier for a particular service on a limited part-time or intermittent basis if the total hours of services performed for the provider, by type of service, average less than 15 hours per week for the weeks in the cost reporting period in which services were rendered by nonemployee therapists. (Travel time is not counted in the computation, even if the actual time is used.)

Application

1403. GUIDELINE APPLICATION

This provision is applicable to all services (other than physicians' services) furnished by an outside supplier to a hospital, skilled nursing facility, home health agency, clinic, rehabilitation agency, comprehensive outpatient rehabilitation facility, community mental health center, or public health agency, participating in the Medicare program. An outside supplier may be an individual therapist or other health-related specialist, a contracting organization, or another provider, such as a hospital, skilled nursing facility, home health agency, clinic, rehabilitation agency, or public health agency.

A total limitation amount for services rendered to all patients must be developed by use of the guidelines which include the adjusted hourly salary equivalency amount and the standard (or optional) travel allowance, and additional allowances addressed in §1412. Any cost in excess of this limitation is then deducted from the direct costs of the provider's applicable cost center prior to cost finding and apportionment.

Application of these guidelines does not require change in the substance of arrangements between providers and outside suppliers.

The guidelines apply only to the costs of services performed by outside suppliers, not the salaries of providers' employees. However, the costs of the services of a salaried employee who was formerly an outside supplier of therapy or other services, or any new salaried employment relationships, will be closely scrutinized to determine if an employment situation is being used to circumvent the guidelines. Any costs in excess of an amount based on the going rate for salaried employee therapists must be fully justified.

In situations where compensation, at least in part, is based on a fee-for-service or on a percentage of income (or commission), these arrangements will be considered nonsalary arrangements, and the entire compensation will be subject to the guidelines in this chapter.

To date, specific guidelines for therapy cost evaluations have been developed in order to determine the reasonableness of the costs of the services of physical and respiratory therapists. The recordkeeping requirements described in §1417A, however, apply to all therapy services furnished to patients of the provider by outside suppliers. Until specific guidelines are issued for the evaluation of the reasonable costs of other services furnished by outside suppliers, such costs will continue to be evaluated under the Medicare program's requirement that only reasonable costs be reimbursed.

Effective for services furnished on or after April 10, 1998, the schedule of guidelines for respiratory therapists will no longer contain separate guideline amounts for registered therapists, certified therapists and nonregistered/noncertified therapists, or nonregistered/noncertified therapists. We provide one schedule of guidelines for respiratory therapists which is consistent with the other schedules for therapists. Therapists who meet the qualifications of a respiratory therapist may be reimbursed up to the guideline amounts contained in this schedule. Other individuals may be reimbursed for their services as an aide or trainee according to amounts determined by the Medicare Administrative Contractor (hereafter referred to as contractor).

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FURNISHED BY OUTSIDE SUPPLIERS

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1403.1

1403.1 Application of Travel Allowance.--Effective for services furnished on or after April 10, 1998, one standard travel allowance will be recognized for each discipline or therapy type that performs services each day. For example, if a contracting organization sends three physical therapists to a provider each day, only one travel allowance is recognized per day. However, if a contracting organization sends three physical therapists and one occupational therapist and one speech-language pathologist, three travel allowances will be recognized per day. If services are furnished in two or more providers in one day, a standard travel allowance is recognized for travel to each provider. (No additional standard travel allowance is recognized for travel from the last provider site to the outside supplier's residence.)

For home health services, a standard travel allowance is recognized for each visit to a patient's residence. If services are furnished to more than one patient at the same location, only one standard travel allowance is permitted, regardless of the number of patients treated. A travel allowance is not recognized for transporting a home health patient to a facility for outpatient services (see CMS Pub. 100-02 (Medicare Benefit Policy Manual), chapter 7, §50.6).

When services are performed for a home health agency by an outside supplier, the actual number of travel hours may be used in lieu of the standard travel allowance, at the option of the home health agency, provided the home health agency maintains time records of visits (see §1409.1). Only the actual time spent in travel to reach the visit site is included in the actual travel time. Payment for the actual travel hours is based on the adjusted hourly salary equivalency amount for the area, and this amount is not affected by the additional allowance for administrative or supervisory duties or by any other additional allowances described in §1412.

When outpatient therapy services are performed at a facility other than at the site of the outside supplier, one travel allowance is recognized for travel to each facility visited.

No travel allowance is recognized for therapy services performed at the site of the contracting supplier.

There is no travel allowance for aides employed by the outside supplier. However, a travel allowance is recognized for physical therapy assistants employed by the outside supplier in those situations when the assistant is permitted to and performs physical therapy services without the qualified physical therapist being on the premises. (See §1412.2 for computation of the travel allowance.) There is no travel allowance for aides or assistants who are employees of the provider, even though they may assist the outside supplier in performing therapy services.

Also, there is no travel allowance for a therapist who performs only administrative duties in the capacity as an administrator of a contracting organization. In this situation, any travel expense is considered a part of the fringe benefit and expense factor.

1404. IDENTIFICATION OF SERVICES FURNISHED BY OUTSIDE SUPPLIERS

To ascertain whether a provider required therapy or other services for its patients on a full-time or regular part-time basis, or on a limited or intermittent part-time basis, the hours for each type of therapy or other service furnished by an outside supplier during the cost reporting period are totaled separately.

In making this determination, all hours of service performed by the following individuals must be considered:

Physical therapy services: physical therapist, physical therapy assistant;
Respiratory therapy services: respiratory therapist;
Occupational therapy services: occupational therapist, occupational therapy assistant; and
Speech-language pathology services: speech-language pathologist, speech-language pathologist assistant.

All hours of service for all patients, Medicare and non-Medicare, at the provider site and/or at the patient's home must be counted, including the time spent in administrative or supervisory duties described in §1412.5. Travel time and aides' times are excluded. Services may include rendering skilled therapy services to individual patients, supervising such services performed by aides or assistants, and preparing and updating patient records.

If a provider furnishes therapy to its inpatients (as well as its outpatients) through use of an outside supplier, all the hours of service must be included in the computation even though some of the services are billed to the Medicare program by the outside supplier as Part B outpatient therapy services, or even though some of the services are billed directly to non-Medicare patients, or to third-party payers on their behalf and not through the facility. If the provider does not maintain records on the services furnished to patients who are billed directly, it will be assumed that the provider required the services of the outside supplier on a full-time or regular part-time basis.

To compute the average number of hours per week, the total hours for each type of service furnished for the provider by an outside supplier during the cost reporting period are divided by the number of weeks in which the services were furnished in the cost reporting period, regardless of the number of days on which such services were performed in each week.

If the resultant figure shows 15 or more hours of services per week, on an average for that portion of the year for which services were furnished by an outside supplier, services were performed on a full-time or regular part-time basis, and §§1406ff. apply in determining the reasonable cost of the therapy or other services. If the figure shows less than 15 hours of services per week, on an average for that portion of the year for which services were furnished by an outside supplier, then services were performed on a limited or intermittent part-time basis. In this situation, §§1407ff. apply in determining the reasonable cost of the services, provided that the contract between the provider and outside supplier specifies a rate per unit of service. Where the contract provides for a method of payment other than rate per unit of service (e.g., hourly rate or percentage of charges), payment cannot exceed the guideline adjusted hourly amounts plus other allowable costs as explained in §§1406ff., even though the services are performed on a limited or intermittent part-time basis.

The measure is the total number of hours of each type of service rendered by all outside suppliers for the provider. For example, if a provider contracts with three outside suppliers, each of whom furnishes physical therapy services to the provider for 10 hours a week (a total of 30 hours per week), the provider needs the services on a regular part-time basis and §§1406ff. apply in determining the reasonable cost of the services. The hours worked by provider employees are not counted.

Where an HHA has separate subunits and each subunit has its own subprovider number and files its own cost report, each subunit may be considered a "provider" and may calculate its hours separately.

Full-Time or Regular Part-Time Services

1406. PROCEDURE FOR EVALUATING REASONABLE COST OF FULL-TIME OR REGULAR PART- TIME SERVICES

1406.1 General.--In evaluating the reasonableness of a provider's costs of the services of full-time or regular part-time outside suppliers, recognition is given to the salary (see §1402.1), fringe benefits and other costs (see §1402.2) that therapists and other health-related specialists working as employees generally receive. Also considered is the cost of other expenses, including travel expenses (see §§1402.4 or 1402.5 and 1412.5), an individual not working as an employee would incur in rendering services in the provider setting or patient's residence.

1406.2 Services Performed at a Provider Site.--The reasonable cost of therapy and other services performed at a provider site may not exceed the amount determined by taking into account the total number of hours of service rendered by the outside suppliers' therapist(s) (excluding travel time and Part B services billed by the outside supplier), the adjusted hourly salary equivalency amount, the travel allowance and expense, and any additional allowances determined to be applicable under §1412. The time is recorded from time of arrival until time of departure from the provider site (or, if home health services, the patient's residence). All hours of service for all patients, Medicare and non-Medicare, at the provider site and/or patient's residence (except for patients billed by the outside supplier under Part B) must be counted, including the time spent in administrative and supervisory functions. Time need not be recorded for each patient, nor need time be broken down into separate components such as time for patient care activities, administrative functions, and conferences related to patient care.

The total number of hours of services, by type of therapist, is multiplied by the adjusted hourly salary equivalency amount appropriate for the particular therapist in the geographical area in which the services are rendered. The travel allowance, travel expense, and other appropriate additional allowances are then added to this amount.

The guidelines listing the adjusted hourly salary equivalency amount and the standard travel allowance for each geographical area for physical and respiratory therapy services are located in the Exhibits at the end of this chapter. Schedules of guidelines for other therapy services and other services will be issued, as necessary, after consultation with the appropriate therapy organizations.

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1406.3

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1406.3 Services Performed at Other Than a Provider Site.--Where patient care services are performed by an outside supplier for a home health agency at the patient's residence or in other situations where such services are not performed at the provider site, see §1409 for the procedure to follow in calculating hours of service and determine reasonable cost.

1406.4 Example of Evaluation for Full-Time or Regular Part-Time Services-One Therapist.--A hospital contracted with a physical therapist to furnish physical therapy services on a regular part-time basis, 3 days a week, 8 hours a day, for 52 weeks, for a total of 1,248 hours of service. The therapist's charges for these services were \$13,000. If the adjusted hourly salary equivalency amount is \$9, the reasonable cost of the physical therapy services is computed as follows:

\$	9.00	Adjusted Hourly Equivalency Amount
	<u>1,248</u>	Hours of Service
	\$11,232.00	
	702.00	(156 days x \$4.50) Standard Travel Allowance
	<u>234.00</u>	(156 days x \$1.50) Standard Travel Expense
	\$12,168.00	TOTAL REASONABLE COST

The excess above \$12,168 (or \$832) is considered to be unreasonable and is excluded from allowable physical therapy costs. (Where additional allowances are appropriate under §1412, these would also be added to the reasonable cost for purposes of comparison with the therapist's charges).

1406.5 Example of Evaluation for Full-Time or Regular Part-Time Services - Several Therapists.-During its cost reporting period, a hospital contracted with three physical therapists to render services in the facility. The hours of services rendered and the compensation requested for these services from the hospital by each therapist during the cost reporting period were as follows:

	<u>Hours</u>	<u>Therapists' Compensation</u>
Therapist A	1,000	\$ 9,000
Therapist B	500	3,000
Therapist C	<u>1,000</u>	<u>15,000</u>
TOTAL	2,500	\$27,000

Where several therapists are involved, the cost evaluation is made on the basis of the total cost to the provider (the combined charges of the therapists) and the total number of hours of services rendered by the therapists during the cost reporting period. Based on an adjusted hourly salary equivalency amount of \$9 per hour, the total reasonable cost may not exceed \$22,500 for 2,500 hours of service (plus standard travel allowances reflecting the number of days in which services are rendered).

Limited Part-Time or Intermittent Services

1407. PROCEDURE FOR EVALUATING REASONABLE COST OF LIMITED PART-TIME OR INTERMITTENT SERVICES

1407.1 General.--Certain providers, particularly rural providers, because of the size of their facility or the irregular needs of their patients, may require the services of a therapist or other health-related specialist only on a limited part-time or intermittent basis. In these cases, the cost of these services may be evaluated on a reasonable rate per unit of service, whether or not the services are performed at the provider site, provided that the contract between the facility and the outside supplier provides for a method of payment based on a rate per unit of service. When services are performed at a patient's home, "unit of service" is interpreted as "visit" and the cost of these services evaluated on a reasonable rate-per-visit basis.

Where a contract between a facility and an outside supplier provides for a method of payment other than rate per unit of service (e.g., hourly rate or percentage of charges), payment cannot exceed the guideline adjusted hourly amounts plus other allowable costs, as explained in §1406ff.

1407.2 Reasonable Rate Per Unit of Service.--Payment for limited part-time or intermittent services may be evaluated on a reasonable rate per unit of service basis, with the reasonableness of the rate per unit of service being determined by the contractor based on the Medicare program's prudent buyer policy. However, the reasonable cost of these services, in the aggregate, during the cost reporting period, may not exceed the amount which would be allowable had the provider purchased these services on a regular part-time basis for an average of 15 hours per week (the minimum number of hours to be classified in the regular part-time category) for the number of weeks in which services were rendered. The hours are to be calculated as described in §1404.

1407.3 Examples of Rate Based on Per Unit of Service for Limited Part-Time or Intermittent Services.--

EXAMPLE 1: A skilled nursing facility contracted with a physical therapist to render physical therapy services intermittently, on a fee-for-service basis, at \$5 per treatment. During the cost reporting period, the physical therapist rendered services on 35 days during 30 weeks for a total of 250 hours (an average of approximately 8 hours per week), and provided 750 treatments. (The provider did not need the services in the other 22 weeks of the year.) The adjusted hourly salary equivalency amount for the area is \$9; the standard travel allowance, \$4.50.

Calculation Based on Rate Per Unit of Service

\$3,750 physical therapist's charge: (750 treatments X \$5 per treatment)

Calculation Based on Minimum Regular Part-Time Services

\$ 9.00	Hourly Salary Equivalency Amount
450	Hours of Service (30 weeks x 15 hours)
<u>\$ 4,050.00</u>	
157.50	Standard Travel Allowance (35 days x \$4.50)
52.50	Standard Travel Expense (35 days x \$1.50)
<u>\$ 4,260.00</u>	

(If additional allowances under §1412 are appropriate, these would also be added to this calculation.)

In this case, because payment for the intermittent services in the aggregate (\$3,750) is less than the amount that would have been payable had the provider required physical therapy services on a regular part-time basis for at least 15 hours per week (\$4,260), and the contractor has determined that the rate per treatment is reasonable, \$3,750 is a reasonable cost for purposes of Medicare reimbursement. If, however, the charge \$6 was per treatment, the total yearly charge to the provider for physical therapy services would be increased to \$4,500 (750 treatment x \$6). The excess above \$4,260 is considered to be unreasonable.

EXAMPLE 2: A hospital contracted with a physical therapist to render physical therapy services intermittently on a fee-for-service basis, at \$50 per treatment. During the cost reporting period, the physical therapist rendered services 1 day a week for 30 weeks for a total of 65 hours (an average of approximately 2 hours per week), and provided 60 treatments. (This provider did not need the services in the other 22 weeks of the year.) The adjusted hourly salary equivalency amount for the area is \$9; the standard travel allowance is \$4.50.

Calculation Based on Rate Per Unit of Service

\$3,000 physical therapist's charge: (60 treatments x \$50 per treatment)

Calculation Based on Minimum Regular Part-Time Services

\$ 9.00	Hourly Salary Equivalency Amount
450	Hours of Service (30 weeks x 15 hours)
<u>\$ 4,050.00</u>	
135.00	Standard Travel Allowance (30 days x \$4.50)
45.00	Standard Travel Expense (30 days x \$1.50)
<u>\$ 4,230.00</u>	

In this case, payment for the intermittent services in the aggregate (\$3,000) is less than the amount that would have been payable had the provider required physical therapy services on a regular part-time basis for at least 15 hours per week (\$4,230). The contractor has determined, however, that the going rate in the area for these services is \$10 per treatment. The reasonable cost of the 60 treatments is, thus, \$600, and the excess above \$600 is considered to be unreasonable.

Home Health Services

1409. HOME HEALTH SERVICES: PROCEDURE FOR EVALUATING SERVICES PERFORMED AT OTHER THAN A PROVIDER SITE

Where services are performed by an outside supplier for a home health agency or outpatient physical therapy provider at the patient's residence (not including a home for the aged or other similar type of facility), or in other situations where patient care services are not performed at a provider site, the method of evaluating the reasonable cost of the home health services is explained in §§1409.1-1409.5 which follow. Where services are furnished to more than one patient at the same location; e.g., a home for the aged, the actual time must be recorded. (See §1409.1).

1409.1 Full-Time or Regular Part-Time Services - Time Records Available.--

A. General.--Where time records of home health visits are maintained by the provider, the reasonable cost of the services is evaluated on a unit of time basis, by taking into account the total number of hours of service rendered by the outside supplier, the adjusted hourly salary equivalency amount appropriate for the particular therapy or other service in the geographical area in which the services are rendered, and a standard travel allowance for each visit.

B. Optional Travel Allowance for Home Health Agencies.--Where the travel time of the outside supplier is accurately recorded by the outside supplier and the record of the travel time is approved and maintained by the home health agency, the reasonable cost of these services may be evaluated, at the option of the home health agency, by taking into account the total number of hours of service rendered by the outside supplier, including travel time, and the adjusted hourly salary equivalency amount appropriate for the particular therapy or other service in the geographical area in which the services are rendered.

This option does not apply to services furnished by home health agencies under arrangements with providers other than home health agencies. Thus, a home health agency may use this option if it obtains services under arrangements from an outside supplier for its own patients, but a home health agency as an outside supplier may not use this option if it furnishes services under arrangements with providers other than home health agencies. In these situations, when a home health agency provides services such as outpatient physical therapy services to another facility; e.g., a hospital or skilled nursing facility, the reasonable cost evaluation must be based on the actual number of hours of service rendered and the standard travel allowance. In addition, only one travel allowance is allowed for each visit to the facility, regardless of the number of patients serviced.

Where a provider utilizes more than one outside supplier of therapy services, the same method of determining the travel allowance (standard vs. optional) must be used for each supplier.

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1409.2 Full-Time or Regular Part-Time Services - No Time Records Available.--Where time records of home health visits are unavailable, or found to be inaccurate, the reasonable cost evaluation is based on visits rather than actual hours of services rendered. Each home health agency visit is considered the equivalent of 1 hour of service. In determining the reasonable cost of services based on visits, reimbursement for each visit may not exceed an amount based on 1 hour at the adjusted hourly salary equivalency amount for the geographical area in which the services are performed plus a standard travel allowance and one standard travel expense for each visit. The optional travel allowance and the optional travel expense may not be used.

This method of evaluating the reasonable cost of therapy services by considering each visit the equivalent of 1 hour of service may not be used in any situation where services are furnished to more than one patient at the same location; e.g., a home for the aged. In such a case, the actual time must be recorded to compute the reasonable cost of services actually performed.

1409.3 Unit of Service for Limited Part-Time or Intermittent Services.--If it is determined based on actual hours of service or an assumed 1 hour per visit that the provider required services on a limited part-time or intermittent basis, costs may be evaluated on a reasonable rate per unit of service as described in §1407.

1409.4 Example of Cost of a Home Visit - Full-Time or Regular Part-Time Services (No Time Records Available).--A physical therapist, under contract with a home health agency to render physical therapy services, made 750 visits during 50 weeks in the cost reporting year. The adjusted hourly salary equivalency amount is \$9. Because the home health agency does not maintain time records, the reasonable cost of the physical therapy services of the home health agency is computed as follows:

750 Visits = an assumed 750 hours

750 hours ÷ 50 weeks = 15 hours per week (regular part-time)

\$ 9.00	Adjusted Hourly Salary Equivalency Amount
750	Visits
<u>\$ 6,750.00</u>	
3,375.00	Standard Travel Allowance (750 visits x \$4.50)
<u>1,125.00</u>	Standard Travel Expense (750 visits x \$1.50)
<u>\$11,250.00</u>	Total Allowable Cost

1409.5 Example of Cost of a Home Visit - Limited Part-Time or Intermittent Service (No Time Records Available).--A physical therapist, under contract with a home health agency to render physical therapy services, made 360 visits during 38 weeks in the cost reporting year (an average of approximately 9 hours per week). The therapist charged \$17 a visit.

Calculation Based on Rate Per Unit of Service (Per Visit)

360 visits = an assumed 360 hours

360 hours ÷ 38 weeks = 9 + (less than 15 hours per week)

\$6,120 physical therapist's charge: (360 visits x \$17 per visit)

Calculation Based on Minimum Regular Part-Time Services

\$	8.60	Hourly Salary Equivalency Amount
	570	Hours of Service (38 weeks x 15 hours)
\$	4,902.00	
	1,548.00	Standard Travel Allowance (360 visits x \$4.30)
	540.00	Standard Travel Expense (360 visits x \$1.50)
\$	6,990.00	

(If additional allowances under §1412 are appropriate, these would also be added to this calculation.)

In this case, \$6,120 is a reasonable cost for purposes of Medicare reimbursement because payment for the intermittent services in the aggregate (\$6,120) is less than the amount that would have been payable had the home health agency required physical therapy services on a regular part-time basis for 15 hours per week (\$6,990), provided the contractor has determined that the rate per treatment is reasonable.

Other Allowances

1412. ADDITIONAL ALLOWANCES

In addition to the guidelines established for the adjusted hourly salary equivalency amount and the travel allowance, the following costs incurred for items and services furnished by an outside supplier will be recognized, provided the items and services are properly documented as having been received by the provider. The provider must supply the contractor with documentation which supports these costs to the contractor's satisfaction. These are the only additional costs which will be recognized.

1412.1 Equipment and Supplies.--Where the outside supplier provides the equipment and supplies used in furnishing direct services to the provider's patients, the actual costs of the equipment and supplies incurred by the outside supplier, as specified below, may be considered by the contractor in addition to the costs allowed by the guidelines. No additional allowance for the outside supplier's automobile or other type of vehicle is permitted because payment for this expense is included in the travel expense allowance.

This additional allowance equals the depreciation on equipment and cost of supplies and is based on both the reasonable direct and indirect costs of the equipment and supplies, which generally may not exceed the lower of the actual cost incurred by the outside supplier or the amount the provider would have incurred directly if it has purchased these items. The cost of these items is also subject to the Medicare program's prudent buyer cost determinations. Direct costs are those costs actually attributable to the items themselves whereas indirect costs are those incurred in purchasing, shipping and storage of the equipment and supplies.

In order to determine the amount of the allowance for equipment and supplies, it is necessary that the outside supplier furnish to the provider the records on which the depreciation, interest, and other claimed costs would be based. The record must include a description of the equipment and supplies, the date purchased, the acquisition cost, appropriate indirect costs and, if applicable, the estimated useful life of the assets and the interest rate if financed. The provider will make this information available to the contractor.

It is not intended that the contractor's auditor will actually audit the outside supplier's records. If an outside supplier, however, refuses to submit the required information to the provider, the contractor will have no alternative but to deny the provider's request for an additional allowance for equipment and supplies.

Moreover, the reasonable costs for the equipment which may be allowed in addition to the guidelines are limited to the following:

A. Depreciable Equipment Remaining at Provider Site.--An additional allowance may be given for depreciable equipment that remains at the provider site. The additional allowance may not exceed that which the provider would have been permitted to capitalize and to claim as depreciation (on a straight-line basis only), personal property taxes, insurance, and interest expense directly related to the purchase of such equipment. If the equipment is also used for the outside supplier's other private practice or for any other purpose, the allowance must be prorated.

Before an allowance may be added to the guidelines, however, the outside supplier must make available to the provider and the contractor the records on which the depreciation and other costs are claimed.

B. Depreciable Equipment Not Remaining at Provider Site.--An additional allowance may be given also for depreciable equipment that is transported from one provider site to another, or is used for the outside supplier's other private practice. The additional allowance may not exceed that which the provider would have been permitted to capitalize and to claim as depreciation (on a straight-line basis only), personal property taxes, insurance, and interest expense directly related to the purchase of such equipment.

These amounts must then be prorated by the number of hours during the cost reporting period that the items were used by the outside supplier for the provider. A normal workweek of 40 hours may be assumed. Thus, for cost reporting periods covering a full calendar year, 2,080 hours per year based on a 40-hour workweek may be used. For example, if a physical therapist worked for a provider 8 hours a week (excluding travel time), 52 weeks of the year, the allowable depreciation, taxes, and interest on the equipment owned and used by the outside supplier is prorated as follows:

$$\begin{array}{rcl} 416 & & (52 \times 8) \\ \hline 2080 & & (52 \times 40) \end{array}$$

Before an allowance may be added to the guidelines, however, the outside supplier must make available to the provider and the contractor the records on which the depreciation and other costs are claimed.

C. Leased Equipment.--An allowance may be added to the guidelines for depreciable equipment that is leased or rented by the outside supplier. Regardless of the amount of the lease payment, the allowance may not exceed the amount for straight-line depreciation, taxes, and interest for that particular equipment that the provider would have been permitted to claim if the equipment had been provider-owned. Equipment which is needed very infrequently should not be leased over extended periods of time if alternative less expensive arrangements such as renting on an "as needed" basis are available. Before an allowance may be added to the guidelines, however, the outside supplier must make available to the provider and the contractor the records on which the costs are claimed.

No allowance may be added to the guidelines if the equipment is owned by the provider and is leased to the outside supplier because these costs are already included in the appropriate cost center. Allocations similar to the ones described in paragraphs A and B are necessary where the equipment is also used for the outside supplier's other private practice or for any other purpose, or the equipment is transported from one provider site to another.

D. Repair and Maintenance Costs.--An allowance may be added to the guidelines for the reasonable costs of repairing and maintaining the equipment owned by the supplier and used in furnishing services at the provider site. Where equipment does not remain at the provider site, these costs must be prorated as in A. and B. above. This allowance may not be given for leased or rented equipment, unless the terms of the lease or rental explicitly provide that the supplier is responsible for repair and/or maintenance of the equipment.

The actual reasonable costs for repair and maintenance will be included in the allowance, but may not exceed the costs the provider would have incurred for the same services if the equipment were provider-owned, subject to the Medicare program's prudent buyer policy.

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E. Supplies.--The actual reasonable direct and indirect costs of any supplies furnished by the outside supplier for direct patient care will be included in the allowance, but may not exceed the cost the provider would have incurred for the supplies, if purchased, subject to the Medicare program's prudent buyer policy. Items such as gases and sprays provided and used where medically necessary by contracting respiratory therapists would be included in this category.

Items such as envelopes, stamps, and typewriters are not used in direct patient care and are not to be included in the additional allowance. These items are overhead expenses of the supplier and an allowance for these items has been included in the fringe benefit and expense factor.

1412.2 Physical Therapy, Occupational Therapy, and Speech-Language Pathology Assistants and Aides, and Respiratory Therapy Aides and Trainees.--Skilled physical therapy, occupational therapy and speech-language pathology services furnished by an outside supplier may include the use of physical therapy, occupational therapy and speech-language pathology assistants and aides. Respiratory therapy services may include the use of aides and trainees. If documented as having been received by the provider, an additional allowance may be made for the cost of services of the assistants, aides, and trainees. The costs of the services will be evaluated on an hourly basis.

No allowance is permitted for aides, assistants, or trainees who are employees of the provider, even though they assist the outside supplier in performing therapy services. Nor is there an allowance for any other employees of the outside supplier, such as secretaries, clerks, and individuals who repair or maintain equipment, because the allowance for these individuals is included in the therapist's fringe benefit and expense factor.

A. Therapy Aides and Trainees.--The additional allowance for the cost of services of a therapy aide or trainee will be based on the hourly rate paid to the provider's employees of comparable classification and/or qualification; e.g., nurses' aides. The base hourly rate will be adjusted by the appropriate fringe benefit and expense factor, as indicated in section C., below, to arrive at the maximum hourly allowance.

Because the services could have been performed by provider employees, no travel allowance is recognized for aides or trainees employed by the outside supplier.

B. Therapy Assistant.--The additional allowance for the cost of the services of a therapy assistant will be based on the going hourly rate paid by providers in the area to salaried therapy assistants for each discipline or therapy type. The base hourly rate will be increased by the appropriate fringe benefit factor, as indicated in section C., below, to arrive at the maximum hourly allowance.

If the going rate for each therapy assistant discipline or type in the area is unobtainable, the therapy assistant's compensation may be evaluated at a rate not to exceed three-quarters of the adjusted hourly salary equivalency amount. Since this amount includes the fringe benefit and expense factor, no further adjustment to the amount would be needed.

A travel allowance will be recognized for therapy assistants employed by the outside supplier in those situations when the assistant is permitted to perform, and performs services without the qualified therapist's being on the premises. The travel allowance for an assistant will be equal to one-half of the hourly allowance (including the fringe benefit and expense factor adjustment) for each therapy assistant discipline. The optional travel allowance for home health agencies and other providers may also be used for the services of therapy assistants (see §§1402.5 and 1409.1).

C. Fringe Benefit and Expense Factor Adjustment.--In determining the additional allowance for therapy aides and trainees and for therapy assistants, the appropriate base hourly rate is increased by a fringe benefit and expense factor. This factor is expressed as a percentage of the base hourly rate and is determined on a periodic basis by type of therapy.

The following is an example of how the maximum hourly allowance and travel allowance would be determined for a physical therapy assistant:

Period: 10/1/80 - 9/30/81

Going Hourly Rate: \$6.00 \$6.00

Fringe Benefit and Expense Factor Adjustment
 (going hourly rate x fringe benefit and expense factor:
 $\$6.00 \times .5829 = \3.50 \$3.50

Maximum Hourly Allowance \$9.50

Travel Allowance
 $(\$9.50 \times .50 = \$4.75)$ \$4.75

The fringe benefit and expense factors and applicable effective dates are listed below.

**FRINGE BENEFIT AND EXPENSE FACTOR AS A
 PERCENTAGE OF THE BASE HOURLY RATE**

<u>Physical Therapy Services</u>	<u>Respiratory Therapy Services</u>	<u>Effective Dates</u>
50.00	N/A	04/1/75 - 11/30/78
52.00	59.00	12/1/78 - 09/30/79
57.66	66.82	10/1/79 - 09/30/80
58.29	63.60	10/1/80 - 09/30/82
61.80	67.78	10/1/82 - 04/09/98

Effective with services furnished on or after April 10, 1998, the fringe benefit and expense factors are listed below.

Physical therapy-47.12
 Respiratory therapy-52.14
 Occupational therapy-48.14
 Speech-language pathology-48.92

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1412.4. Overtime.--Where the outside supplier utilizes the services of its individual employees (including the services of aides and assistants) at an individual provider in excess of the provider's standard workweek, an additional allowance may be recognized for overtime. The individual employee must perform services for the provider in excess of the provider's standard workweek; e.g., 40 hours, for the hours of service to be counted as overtime hours. The hours of service performed by each individual employee for the provider must be counted separately. For example, if each of three individuals employed by an outside supplier is assigned to a provider 25 hours each week, all hours are counted as regular hours. Similarly, if one individual employed by the outside supplier is assigned to one provider 30 hours and to another provider for 20 hours in a 1-week period, all hours of service for each provider are counted as regular hours.

No overtime allowance may be given for a therapist who receives an additional allowance for supervisory or administrative duties.

The overtime rate is $1\frac{1}{2}$ times the base hourly rate. For physical and respiratory therapists, the overtime rate is applied to the hourly salary equivalency amount (§ 1402.3). For aides, assistants, and trainees, the overtime rate is applied to the rate for these individuals as determined in §1412.2.

The overtime allowance is generally the allowable overtime hours multiplied by the difference between the overtime rate and the base rate as described above. It is anticipated that overtime will not be used by an outside supplier on an ongoing basis. Need for overtime is an indication that the services of additional personnel should be obtained. Therefore, the cost for overtime (the base pay plus the overtime allowance) for all employees of all outside suppliers of a particular therapy service in each provider's cost reporting period will be limited to the cost of a full-time employee (base pay only), prorated in accordance with the overtime usage by occupational category, such as physical therapist, physical therapy assistant, and physical therapy aide. The maximum overtime allowance permitted will occur when the outside supplier employees work 1,386.7 hours of overtime for one provider, if the provider's standard work year is 2,080 hours ($1,386.7 \times 1\frac{1}{2}$). Between 1,386.7 hours and 2,080 hours, the overtime allowance will be decreased, so that the total allowed for the services (the base pay plus the overtime allowance) will not exceed the amount allowed for 1,386.7 hours of overtime. There will be no overtime allowance if more than 2,080 hours of overtime are worked in the provider's work year.

For uniformity, the overtime allowance will be determined in accordance with the following calculation (see procedure outlined on following page).

Calculation Of Overtime Allowance

The purpose of the following calculation is to determine the overtime allowance, which is the overtime hours multiplied by the difference between the overtime rate and the base rate. Calculate all hours, both regular and overtime hours, at the base hourly rate, regardless of the number of hours. This calculation determines only the additional overtime allowance. (If more than one hourly rate applies to one or more occupational categories during the cost reporting year, additional forms must be used, but Item 4 may not exceed 100 percent for all forms combined.)

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FURNISHED BY OUTSIDE SUPPLIERS 1412.4 (Cont.)

	<u>A</u> <u>Therapist</u>	<u>B</u> <u>Assistant</u>	<u>C</u> <u>Aide</u>	<u>Total</u>
OVERTIME				
1. Total overtime hours worked	_____	_____	_____	_____
2. Overtime rate (multiply appropriate base hourly rate by 1.5) (See CMS Pub. 15-1, chapter 14, §1402.3, 1412.2)	_____	_____	_____	
3. Total overtime (including base and overtime allowance) (line 1 x line 2)	_____	_____	_____	
LIMITATION				
4. Percentage of overtime hours by class (divide each column, line 1, by the total columns A, B, C, line 1)	_____	_____	_____	<u>100%</u>
5. Allocation of provider's standard workyear* for one full-time employee (multiply the provider's standard workyear by the percentage determined on line 4, e.g., 40 x 52 x 12.3% = 257 hours)	_____	_____	_____	_____
DETERMINATION OF ALLOWANCE				
6. Appropriate base hourly rate (See CMS Pub. 15-1, chapter 14, §1402.3, 1412.2)	_____	_____	_____	
7. Overtime cost limitation (line 5 x line 6)	_____	_____	_____	
8. Maximum overtime cost, including base (enter the lesser of line 3 or line 7)	_____	_____	_____	
9. Portion of overtime already included in hourly computation at base hourly rate (line 1 x line 6)	_____	_____	_____	
10. Overtime allowance - if negative, enter zero (line 8 minus line 9)	_____	_____	_____	_____

* Appropriate adjustments to be made for workyear if other than a 12-month period

Examples of Overtime Calculations are as follows:

Example 1:

	<u>A</u> <u>Therapist</u>	<u>B</u> <u>Assistant</u>	<u>C</u> <u>Aide</u>	<u>Total</u>
OVERTIME				
1. Total overtime hours worked	<u>300</u>	<u>200</u>	<u>100</u>	= <u>600</u>
2. Overtime rate (multiply appropriate base hourly rate by 1.5) (See CMS Pub. 15-1, chapter 14, §1402.3, 1412.2)	<u>\$15</u>	<u>11.25</u>	<u>7.50</u>	
3. Total Overtime (including base and overtime allowance) (line 1 x line 2)	<u>\$4,500</u>	<u>2,250</u>	<u>750</u>	
LIMITATION				
4. Percentage of overtime hours by class (divide each column, line 1, by the total columns A, B, C, line 1)	<u>50%</u>	<u>33.3%</u>	<u>16.7%</u>	<u>100%</u>
5. Allocation of provider's standard workyear* for one full-time employee (multiply the provider's standard workyear by the percentage determined on line 4).	<u>1,040</u>	<u>693</u>	<u>347</u>	<u>2,080</u>
DETERMINATION OF ALLOWANCE				
6. Appropriate base hourly rate (See CMS Pub. 15-1, chapter 14, §1402.3, 1412.2)	<u>\$10</u>	<u>7.50</u>	<u>5</u>	
7. Overtime cost limitation (line 5 x line 6)	<u>\$10,400</u>	<u>5,197.50</u>	<u>1,735</u>	
8. Maximum overtime cost, including base (enter the lesser of line 3 or line 7)	<u>\$ 4,500</u>	<u>2,250</u>	<u>750</u>	

* Appropriate adjustments to be made for workyear if other than a 12-month period

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FURNISHED BY OUTSIDE SUPPLIERS 1412.4 (Cont.)

	<u>A</u> <u>Therapist</u>	<u>B</u> <u>Assistant</u>	<u>C</u> <u>Aide</u>	<u>Total</u>
9. Portion of overtime already included in hourly computation at the base hourly rate (line 1 x line 6)	<u>\$3,000</u>	<u>1,500</u>	<u>500</u>	
10. Overtime allowance -if negative, enter zero (line 8 minus line 9)	<u>\$1,500</u>	<u>750</u>	<u>250</u>	= <u>2,500</u>

Example 2:

	<u>A</u> <u>Therapist</u>	<u>B</u> <u>Assistant</u>	<u>C</u> <u>Aide</u>	<u>Total</u>
1. Total overtime hours worked	<u>1,000</u>	<u>300</u>	<u>87</u>	= <u>1,387</u>
2. Overtime rate (multiply appropriate base hourly rate by 1.5) (See CMS Pub. 15-1, chapter 14, §1402.3, 1412.2)	<u>\$15</u>	<u>11.25</u>	<u>7.50</u>	
3. Total overtime (including base and overtime allowance) (line 1 x line 2)	<u>\$15,000</u>	<u>3,375</u>	<u>652.50</u>	

LIMITATION

4. Percentage of overtime hours by class (divide each column, line 1, by the total columns A, B, C, line 1)	<u>72.1%</u>	<u>21.6%</u>	<u>6.3%</u>	= <u>100%</u>
5. Allocation of provider's standard workyear* for one full-time employee (multiply the provider's standard workyear by the percentage determined on line 4)	<u>1,500</u>	<u>450</u>	<u>130</u>	= <u>2,080</u>

DETERMINATION OF ALLOWANCE

6. Appropriate base hourly rate (See CMS Pub. 15-1, chapter 14, §1402.3, 1412.2)	<u>\$10</u>	<u>7.50</u>	<u>5</u>	
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* Appropriate adjustments to be made for workyear if other than a 12-month period

REASONABLE COSTS OF THERAPY AND OTHER SERVICES
1412.4 (Cont.) FURNISHED BY OUTSIDE SUPPLIERS 01-18

	<u>A</u> <u>Therapist</u>	<u>B</u> <u>Assistant</u>	<u>C</u> <u>Aide</u>	<u>Total</u>
7. Overtime cost limitation (line 5 x line 6)	<u>\$15,000</u>	<u>3,375</u>	<u>650</u>	
8. Maximum overtime cost, including base (enter the lesser of line 3 or line 7)	<u>\$15,000</u>	<u>3,375</u>	<u>650</u>	
9. Portion of overtime already included in hourly computation at the base hourly rate (line 1 x line 6)	<u>\$10,000</u>	<u>2,250</u>	<u>435</u>	
10. Overtime allowance - if negative, enter zero (line 8 minus line 9)	<u>\$5,000</u>	<u>1,125</u>	<u>215</u>	= <u>6,340</u>

Example 3:

	<u>A</u> <u>Therapist</u>	<u>B</u> <u>Assistant</u>	<u>C</u> <u>Aide</u>	<u>Total</u>
OVERTIME				
1. Total overtime hours worked	<u>2,090</u>	<u>1,000</u>	<u>500</u>	= <u>3,590</u>
2. Overtime rate (multiply appropriate base hourly rate by 1.5) (See CMS Pub. 15-1, chapter 14, §1402.3, 1412.2)	<u>\$15</u>	<u>11.25</u>	<u>7.50</u>	
3. Total overtime (including base and overtime allowance) (line 1 x line 2)	<u>\$31,350</u>	<u>11,250</u>	<u>3,750</u>	
LIMITATION				
4. Percentage of overtime hours by class (divide each column, line 1, by the total columns A, B, C, line 1)	<u>58.2%</u>	<u>27.9%</u>	<u>13.9%</u>	= <u>100%</u>
5. Allocation of provider's standard workyear* for one full-time employee (multiply the provider's standard workyear by the percentage determined on line 4.	<u>211</u>	<u>579</u>	<u>290</u>	= <u>2,080</u>

* Appropriate adjustments to be made for workyear if other than a 12-month period

	REASONABLE COSTS OF THERAPY AND OTHER SERVICES FURNISHED BY OUTSIDE SUPPLIERS	1412.5
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	<u>A</u> <u>Therapist</u>	<u>B</u> <u>Assistant</u>	<u>C</u> <u>Aide</u>	<u>Total</u>
DETERMINATION OF ALLOWANCE				
6. Appropriate base hourly rate (See CMS Pub. 15-1, chapter 14, §1402.3, 1412.2)	<u>\$10</u>	<u>7.50</u>	<u>5</u>	
7. Overtime cost limitation (line 5 x line 6)	<u>\$12,110</u>	<u>4,342.50</u>	<u>1,450</u>	
8. Maximum overtime cost, including base (enter the lesser of line 3 or line 7)	<u>\$12,110</u>	<u>4,342.50</u>	<u>1,450</u>	
9. Portion of overtime already included in hourly computation at the base hourly rate (line 1 x line 6)	<u>\$20,900</u>	<u>7,500</u>	<u>2,500</u>	
10. Overtime allowance - if negative, enter zero (line 8 minus line 9)	<u>0</u>	<u>0</u>	<u>0</u>	= <u>0</u>

1412.5 Administrative and Supervisory Responsibilities.--In hospitals with more than one therapist in a given therapy department, the chief therapist and those therapists who spend more than 20 percent of their time supervising other therapists are excluded from the hourly salary data compiled by the BLS that are used to establish the guideline amounts. The purpose of the supervisory and administrative allowance is to adjust the guideline limits to reflect those additional duties and responsibilities of a chief therapist who not only performs patient care and related activities but also spends at least 20 percent of his time in supervising other therapists or in administrative duties. (See section 1415 for situations where a contract therapist performs only administrative and supervisory duties.)

A qualified therapist is expected to be able to act independently and therefore, require no, or little, technical supervision. A therapist's professional services include individual patient care and related activities such as directing trainees, aides and assistants in performing therapy services, overseeing equipment operation, maintaining liaison with other departments, serving on utilization review and other appropriate committees, preparing and updating patient records, preparing certifications, maintaining a system for verifying the charge structure, and participating in training, instructing students, interns and nurses in methods and objectives of the therapy. The allowance for administration and supervision is not given for performing these functions.

If a provider has only one therapist (or two or more part-time therapists and assistants whose hours equal no more than one full-time therapist), all of the duties performed by the therapist would fall within the purview of his occupation as a therapist rather than as an administrator or supervisor, and no additional allowance may be given.

The administrative and supervisory allowance is given for the performance of those additional duties which normally fall within the purview of a department head. The therapist who claims he performs administrative and supervisory duties must supervise one or more other therapists and be responsible for managing the overall operation of the provider's therapy department. The duties of the chief therapist include assigning patient care activities to professional and nonprofessional therapy personnel, supervising and evaluating work performance, and interpreting responsibilities and hospital policies to therapy personnel. The chief therapist also assures the execution of doctor's orders, oversees the maintenance of the therapy records (medical, personnel, accounting, billing, etc.), and assures the availability of supplies and equipment. Although the chief therapist may spend part of the time instructing student therapists, assistants, and therapy aides and providing direct therapy care, at least 20 percent of his time should be spent in supervising other therapists or in administrative duties.

Administration and supervision are interrelated and these duties in all but exceptional circumstances are performed by the same therapist. Only one therapist, therefore, will be given this additional allowance per provider, unless the provider has an extraordinarily large therapy department requiring both a department head and a supervisor.

When it is established that the contract therapist actually performs supervisory and administrative duties, a reasonable allowance may be added to the adjusted hourly salary equivalency amount in recognition of these additional duties. The contractor determines the amount of this allowance, based on the contractor's knowledge of the differential between physical or respiratory therapy supervisors' salaries, as appropriate, and physical or respiratory therapists' salaries in similar provider settings in the area. Where necessary, the contractor requests the assistance of the Medicare regional office in this matter. The contractor determines this allowance, expressed as an hourly differential, commensurate with the extent of the therapist's administrative and supervisory responsibilities; i.e., the number of hours spent in performing the administrative and supervisory duties related to the total hours the therapist performs services for the provider, and the number of individuals under the therapist's supervision. That hourly differential is then applied to all hours of service performed by the therapist, whether giving individual care or in the performance of administrative/supervisory duties.

REASONABLE COST OF THERAPY AND OTHER SERVICES
FURNISHED BY OUTSIDE SUPPLIERS

01-18

1412.6

For physical therapy services, the BLS September 1978 Industry Wage Survey for Hospitals and Nursing Homes (Bulletin 2069) contains data on the salaries of supervisors and staff therapists in major metropolitan areas. The BLS data may be used to determine an appropriate differential for physical therapy supervisors when it is not administratively feasible to base the additional allowance on that actual differential paid by comparable providers in the area. The BLS data are available at the CMS regional offices. Application of the BLS data to an individual provider is subject to the actual circumstances at that provider and the extent of the therapists' administrative and supervisory responsibilities. It remains the contractor's responsibility to evaluate these circumstances and determine the differential accordingly. Comparable BLS data are not available for respiratory therapy services.

If the supervisory or administrative functions are not performed at the provider site, but the supervisor is acting more in the capacity of an administrator of the contracting organization, the costs are not separately reimbursable. Any compensation is considered to be in the fringe benefit and expense factor for the outside supplier's overhead, and any hours of service are not considered in determining the program limitations under this chapter.

1412.6 Travel Expense.--The travel expense is an additional allowance to assure adequate recognition of the travel expenses of an outside supplier. This travel expense must be included for each day an outside supplier travels to a provider site or for each visit to a patient's residence to perform home health services. The standard travel expense is given in addition to the standard travel allowance listed in the guideline limits. (See §1402.4.)

If a home health agency uses the optional travel allowance described in §1409.1.B, an additional amount per mile for travel costs to each visit site may be included rather than the standard travel expense, provided the mileage is accurately recorded by the outside supplier and the record of the mileage is approved and maintained by the home health agency.

The allowance for travel expense is based on the mileage rate established by the General Services Administration (GSA) in the Federal Travel Regulations for the use of privately owned vehicles. The standard travel expense is set at 10 times the GSA mileage rate while the optional mileage expense for home health agencies is set at the actual GSA mileage rate.

GSA is required by statute to conduct investigations of the cost of travel and the operation of privately owned vehicles and to report the results to the Congress annually. The report to the Congress and the resultant change in the mileage rate under Federal Travel Regulations are published in the Federal Register.

The standard travel expense rates and applicable effective dates are listed below. After July 1, 1982, changes in the travel expense allowance are effective as of the effective date of a change in the mileage rate established by the GSA in the Federal Travel Regulations.

REASONABLE COST OF THERAPY AND OTHER SERVICES
1412.6 (Cont.) FURNISHED BY OUTSIDE SUPPLIERS 01-18

<u>Rate Per Day or Per Visit</u>	<u>Rate Per Mile for HHA Using Optional Travel Allowance</u>	<u>Effective Date</u>
\$1.50	\$.15	04/01/75 - 09/30/77
\$1.70	\$.17	10/01/77 - 06/30/79
\$1.85	\$.185	07/01/79 - 04/19/80
\$2.00	\$.20	04/20/80 - 10/04/80
\$2.25	\$.225	10/05/80 - 06/30/82
\$2.00	\$.20	07/01/82 - 06/18/83
\$2.05	\$.205	06/19/83 - 07/31/87
\$2.10	\$.21	08/01/87 - 08/13/88
\$2.25	\$.225	08/14/88 - 09/16/89
\$2.40	\$.24	09/17/89 - 06/29/91
\$2.50	\$.25	06/30/91 - 12/30/94
\$3.00	\$.30	01/01/95 - 06/06/96
\$3.10	\$.31	06/07/96 - 09/07/98
\$3.25	\$.325	09/08/98 - 03/31/99
\$3.10	\$.31	04/01/99 - 01/13/00
\$3.25	\$.325	01/14/00 - 01/21/01
\$3.45	\$.345	01/22/01

1412.7 Services at Supplier's Site.--Therapy services may be furnished on the premises of the outside supplier if the equipment needed for the services is not available at the provider site or the patient's place of residence. Where the equipment necessary to perform the required services is not readily available at the provider site, or at the patient's place of residence in the case of home health agencies as explained in CMS Pub. 100.02 (Medicare Benefit Policy Manual), chapter 7, §50.6, and such services are performed under arrangements at the facilities of an outside supplier which is also a provider, the contractor includes an additional allowance to reflect the facility costs incurred by the outside supplier in furnishing the services at its facilities. Facility costs include an allowance for building depreciation, properly allocated to the patient care area and apportioned on the basis of services performed, and a proportionate share of the costs of building maintenance.

Administrative and general costs are not considered facility costs for the purpose of this additional allowance since the guidelines already reflect the administrative costs incurred by the outside supplier in furnishing therapy services. In order for this allowance for facility costs to be granted, the therapy service must be performed at the facilities of an outside supplier which is a participating hospital, SNF, HHA, rehabilitation agency, clinic, or public health agency.

Costs in Excess of Guidelines

1414. CLAIMED COSTS IN EXCESS OF GUIDELINES

The following exceptions may be granted but only upon the provider's demonstration, based on appropriate evidence, that the conditions indicated are present.

1414.1 Exception Because of Binding Contract.--A provider will be excepted from the provisions of this chapter if it has a binding contract in writing with an outside supplier entered into prior to the date the initial therapy service guidelines are published for services furnished prior to April 1, 1998. The binding contract exception was eliminated in 42 CFR §413.106(f)(1) for services furnished on or after April 10, 1998, in the final rule on salary equivalency guidelines published on January 30, 1998. For services furnished prior to April 10, 1998, before the exception may be granted, however, the provider must submit the contract to its contractor for a determination, subject to review and approval by the CMS regional office. This exception may be granted for the contract period, but not longer than 1 year from the date initial guidelines for the particular therapy are published. During the period in which a binding contract exception is in effect, the cost of the services will be evaluated under the prudent buyer concept.

A contract with both a specific term for the contract and a unilateral termination clause (generally allowing termination on 30-day notice by either party) qualifies for this exception. Also considered to come within this exception is a contract which by its terms is automatically renewed unless notice of termination is given by either party even though the contract is renewed after the date of publication of the initial guidelines. If no notice of termination is given within the time specified in the contract and no changes are made in the terms of the contract, the same contract continues to exist; the lack of notice does not create a new contract.

For physical therapy services, the exception may not be granted for a period to exceed February 7, 1976, 1 year from the date the initial guidelines were published. Although the initial guidelines were published on February 7, 1975, the limits are not applicable to a provider's costs until the provider's first cost reporting period beginning on or after April 1, 1975.

The following are examples of the dates the guidelines for physical therapy services will be effective for the provider when the provider has a binding written contract entered into before February 7, 1975:

A. Provider cost reporting period: October 1, 1974 - September 30, 1975. Contract period: July 1, 1974 - June 30, 1975. Effective date of physical therapy guidelines: October 1, 1975, the provider's first cost reporting period beginning on or after April 1, 1975.

B. Provider cost reporting period: October 1, 1975 - September 30, 1976. Contract period: July 1, 1975 - June 30, 1976. Effective date of physical therapy guidelines: February 7, 1976, 1 year from the date the guidelines were published. (If the contract was not entered into before February 7, 1975, however, the effective date would be October 1, 1975.)

C. Provider cost reporting period: January 1, 1975 - December 31, 1975. Contract period: April 1, 1974 - March 31, 1975. Effective date of physical therapy guidelines: January 1, 1976, the provider's first cost reporting period beginning on or after April 1, 1975.

For respiratory therapy services, the initial guidelines for registered and certified therapists were published on October 6, 1978. The initial guidelines for nonregistered/noncertified therapists were published on June 3, 1980. As long as the requirements for a binding contract exception are met, a provider may be granted separate exceptions with respect to the services furnished by registered and certified therapists and the services furnished by nonregistered/noncertified therapists. The time periods for the exceptions will run independently of each other. For the services of registered and certified therapists, an exception may not be granted beyond October 6, 1979. An exception for nonregistered/noncertified respiratory therapists may not be granted beyond June 3, 1981.

1414.2 Exception Because of Unique Circumstances or Special Labor Market Conditions.--An exception may be granted under this section by the contractor when a provider demonstrates that the costs for therapy or other services established by the guidelines are inappropriate to a particular provider because of some unique circumstances or special labor market conditions in the area. Exceptions will only be granted in extraordinary circumstances. Before the exception may be granted, the provider must submit appropriate evidence to its contractor to substantiate its claim. The provider's request for an exception, together with substantiating documentation, must be submitted to the contractor each year, no later than 150 days after the close of its cost reporting period. This is effective for services furnished on or after April 10, 1998. If the circumstances giving rise to the exception remain unchanged from a prior cost reporting period, however, the provider need only submit evidence to establish that fact.

In order to establish an exception for unique circumstances, the provider must submit evidence to establish that it has some unique method of delivering therapy or other services, which affects its costs, different from the other providers in the area. The exception will be effective no earlier than the onset of the unique circumstances.

In order to substantiate special labor market conditions, the provider must submit evidence enabling the contractor to establish that the going rate in the area for this particular type of service is higher than the guideline limit and that such services are unavailable at the guideline amounts. An exception is not proper, for instance, where an individual refuses to provide services at the rate prescribed so long as it is possible for the provider to secure such services from other sources. It is the duty of the provider to prove to the satisfaction of the contractor that it has reasonably exhausted possible sources of this service without success. At a minimum, the provider must submit documentation showing the salary or wage rates it pays its therapists and other health care specialists. The provider must also submit evidence to establish that it has advertised on several occasions in a newspaper having widespread circulation in the area and that it has contacted employment agencies in the area, if available. The exception will be effective no earlier than the date, as documented in the evidence of record, that provider initiated a concerted effort to secure the therapy services from other sources. Thus, if the evidence indicates that the provider tried to secure the therapy services from a less costly source prior to the onset of the cost reporting period, the exception would be effective retroactively to the beginning of the cost reporting period. However, if the provider initiated its efforts 4 months into the cost reporting period, the exception would be effective the last 8 months of the cost reporting period.

The contractor determines the rates that other providers in the area generally have to pay therapists or other health care specialists. Effective with services furnished on or after April 10, 1998, the contractor has 180 days to make its determination. (If necessary, the contractor requests the assistance of the Medicare regional office in this matter.) Once this information is collected, the contractor then determines whether or not other providers in the area, in comparison to the provider requesting the exception, generally have to pay therapists or other health care specialists higher rates than the guidelines. For this exception, "area" is defined as that region or regions which constitute the normal labor market for the provider. Therefore, the area is not confined merely to the locality in which the provider is located, but also includes those populous areas from which the provider would reasonably be expected to secure professional services. In making its determination, the contractor takes into consideration both the extent to which the provider hires comparable professional employees from outside its immediate locality, and the geographical areas from which it normally attracts such employees. If it can be demonstrated, for example, that the provider rarely attracts comparable professional employees from a nearby urban area, then that area would not constitute a normal labor market for that provider. Similarly, the contractor also takes into account whether certain areas are within normal commuting distance of the provider, since this would affect the provider's success in attracting employees from those areas.

In addition, the BLS Industry Wage Survey for Hospitals and Nursing Homes contains limited data on physical therapists salaries in nursing and personal care facilities. Contractors will, to the extent feasible, make use of the data when evaluating special labor market exception requests received from skilled nursing facilities. These data are available at the CMS regional offices.

The key to an exception is not the rate requested for performing the particular type of service being evaluated, but the going rate for therapists or other health care specialists performing these services, particularly salaried individuals, who are working in the area. If other providers in the area generally are able to obtain these services at rates that do not exceed the guidelines, an exception would not be appropriate. If the going rate represents only the salary of the employed individual, the contractor adds an allowance for fringe benefits and expenses so that the rate is comparable to the hourly salary equivalency amount. The contractor determines the amount of the fringe benefit and expense factor in accordance with appropriate rates listed in §1412.2. The contractor adjusts the standard travel allowance as described in §1402.4.

The following is an example of a Special Labor Market Exception:

The provider requested an exception for special labor market conditions to permit \$15 per hour based on the charges of its outside supplier of physical therapy services in lieu of the \$10 hourly salary equivalency amount. The provider had advertised for a contract physical therapist for \$10 per hour, but received no response. The contractor determined that the going rate for salaried physical therapists in the area was approximately \$8 per hour. The fringe benefit and expense factor, according to the listing in §1412.2, is 50 percent. The exception may be granted for \$12, which represents the going rate of \$8 per hour, plus \$4 (50 percent of \$8) for fringe benefits and expenses. The standard travel allowance will be adjusted to \$6 ($\frac{1}{2}$ of \$12).

When an exception to the guideline limitations is granted, the contractor will establish an amount that is a ceiling that will be permitted as a reasonable cost. In no case will a contractor grant an exception without the determination of the maximum amount that will be considered reasonable for the services rendered. This maximum amount must be an hourly amount, or, for a home health agency that does not maintain time records, a per visit amount. An amount may not be granted on a percentage basis; e.g., a percentage of provider charges, or a percentage of the gross revenues of the provider's department.

No exception to the guidelines because of overhead costs will be granted when providers furnish services under arrangements to other providers. In these situations, it is not appropriate to allow an exception when alternative methods of delivering these services are available at rates that would not exceed the guidelines.

Exclusions

1415. SERVICES EXCLUDED FROM GUIDELINES

The guidelines and related instructions generally do not apply to a contracting therapist who works solely in the capacity of a provider department head or supervisor having administrative and supervisory responsibilities within the facility (at the provider site). This individual does not participate in the furnishing of services to individual patients or the supervision of aides in performing such services, except on rare occasions. In this context, administrative responsibility is the performance of those duties which normally fall within the purview of a department head or other supervisor. (Directing aides or assistants in furnishing direct patient care is not considered supervisory, and is subject to the guidelines and related instructions.) The payment for these services including any fringe benefits or expenses is to be evaluated under a reasonable cost approach, and neither the hours of service nor the payments made are considered in determining the program limitations under this chapter.

The following is an example of this exclusion: A hospital contracted with a physical therapist to be the administrator and supervisor of the physical therapy department. The therapist was not to render physical therapy services to individual patients or to supervise the aides in furnishing physical therapy services. In this situation, the cost of the services of the physical therapy department's administrator would not be subject to the physical therapy guidelines, but would be evaluated under the Medicare program's prudent buyer policy.

However, where the contracting organization supplies one therapist to perform administrative duties and at least one full-time therapist (or equivalent part-time therapists) to perform therapy services, and there is a single charge for all services supplied, the time of the therapist performing administrative duties will be included in the computation and will be subject to the additional allowance outlined in §1412.5.

Record keeping and Reporting Requirements

1417. PROVIDER RECORD KEEPING AND REPORTING REQUIREMENTS

A. Data to be Maintained by Provider.--A provider must maintain sufficient data in its records to support the statements submitted with its cost report, and the data must be reflected in a manner so as to provide an adequate audit trail. These records, whether in the form of a daily log or similar daily records, must be kept up to date, be available at all times for review by the contractor, and contain sufficient information to allow evaluation of the reasonableness of the costs incurred for therapy services furnished under arrangements. The record keeping requirement is applicable not only to therapy services which are subject to the guidelines, but also to therapy services which are evaluated under the prudent buyer concept.

Where a provider does not maintain records which are sufficiently complete to determine the reasonable cost of the services in accordance with the provisions of this chapter, no payment can be made for these services in accordance with §§1815 and 1833(e) of the Social Security Act.

B. Information to be Submitted by Provider.--For cost reporting periods beginning on or after April 1, 1975, a provider must submit with its Medicare cost report a statement containing the following information for those therapy services for which guidelines have been published:

1. The number of hours of services furnished by outside suppliers (and, where applicable, separately detailed for aides, assistants, and trainees employed by the outside supplier), the number of weeks services were rendered, and the number of treatments or visits. For respiratory therapy services furnished before April 10, 1998, the hours must be separately categorized by the type(s) of therapists(s) who furnished the service(s) (registered, certified, or nonregistered/noncertified). Effective for services furnished on or after April 10, 1998, there will only be one schedule of guidelines for respiratory therapy.

2. The actual amount paid for services rendered by outside suppliers (and, where applicable, assistants or aides, and trainees employed by the outside supplier), net of discounts and allowances, during the cost reporting period;

3. The basis for calculating the travel allowance (the actual travel time or the total number of visits to the provider site or patients' residences) and the travel expense (the actual mileage or the number of visits to the provider site or patients' residences);

4. Sufficient information to determine the amount of the additional allowances described in §1412.

Appeals

1419. APPEALS

A request by a provider for a hearing on the determination by a contractor concerning the therapy costs determined to be reasonable based on the provisions of this chapter, including a determination with respect to an exception under §1414, shall be made to the contractor only after submission of its cost report and receipt of the notice of amount of program reimbursement reflecting this determination. A provider's appeal rights are discussed in detail in CMS Pub. 15-1, chapter 29, §2906.

Charges

1420. CHARGES TO BENEFICIARIES

To be eligible for payment from the Medicare program, a provider files an agreement with the Secretary to conform with §1866(a)(1)(A) of the Social Security Act by not charging the patient for covered items and services. Therefore, if the amount allowed under the guidelines is less than the actual amount charged by the outside supplier, the patient cannot be charged for the excess.

Other Guidelines

1421. USE OF OTHER GUIDELINES

Guidelines derived from other more current statistically valid survey data may be used for a geographical area, in lieu of CMS guidelines based on data compiled by the BLS. However, before other guidelines may be used, both the study design, questionnaires, and instructions, as well as the resultant survey data for determining the guidelines must be submitted to and approved in advance by CMS. The survey data derived from these special studies must be arrayed so as to permit determination of the 75th percentile of the range of salaries paid to full-time employees in the geographical area surveyed. These other guidelines, when approved, may be retroactive to cost reporting periods beginning after the date of collection of the data.

1422. PROCEDURE FOR ADJUSTMENT OF SCHEDULES OF GUIDELINES FOR
REIMBURSEMENT OF PHYSICAL THERAPY AND RESPIRATORY THERAPY
SERVICES FURNISHED UNDER ARRANGEMENTS

Since publication on October 6, 1978, of guidelines for the reimbursement of physical therapy and respiratory therapy services furnished under arrangements, CMS has recalculated the fringe benefit and expense factor on a more precise basis. This has resulted in an increased fringe benefit and expense factor as part of the updated physical therapy guidelines published in the Federal Register on February 25, 1981, and as part of the updated respiratory therapy guidelines published on June 3, 1980. These notices of updated guidelines state that providers which have been adversely affected by the October 1978, guidelines should contact their contractor. Any provider will be considered disadvantaged under the notices if it has had costs disallowed as a result of the application of the October 1978, guidelines. While the fringe benefits and expenses have been calculated on the same basis for both physical therapy and respiratory therapy services, the recalculation has resulted in different fringe benefit and expense factors being applied to physical and respiratory therapy services due to the difference in salary levels.

As part of the recalculation of the fringe benefit and expense factor, CMS determined adjustments to the factor used in the October 1978, physical and respiratory therapy guidelines, by recomputing, on a case-by-case basis, the amount of the fringe benefit and expense factor included in the guidelines. The published physical therapy guideline amounts as shown in Exhibit A-4 include a 50 percent factor for fringe benefits and expenses. To effectively increase the factor from 50 to 52 percent without having to completely recompute guideline amounts, increase the published amounts (which consist of 150 percent of the prevailing salaries) by 1.33 percent.

Similarly, CMS determined that the fringe benefit and expense factor included in the respiratory therapy guideline amounts which appear in Exhibit B-1 required an increase from 50 to 59 percent. This may be accomplished by increasing the published amounts in Exhibit B-1 by 6.0 percent.

In all adjustments, round the recalculated amount upward to the next higher 10 cents. In addition, recompute the standard travel allowance as one-half of the recalculated hourly salary equivalency amount.

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In certain States, the guideline amounts which result from these adjustments will be higher than the amounts published in the Federal Register on February 25, 1981, for physical therapy services and on June 3, 1980, for respiratory therapy services. Therefore, it is important to note that the contractor will make the adjustments only with respect to costs for services furnished on or after December 1, 1978, up to the effective date of the updated physical therapy guidelines and respiratory therapy guidelines published in the Federal Register on February 25, 1981, and on June 3, 1980, respectively. Note that, in those States where the October 1978, guidelines remained in effect after September 30, 1979, the adjustments would continue to be appropriate. That is, the adjustments would apply for the entire period of time during which the October 1978, guidelines are in effect.

Where the costs of assistants, aides, and trainees, are evaluated under CMS Pub. 15-1, §1412.1, based on the hourly rate paid to comparable employees, the contractor adds a 52 percent, rather than a 50 percent, fringe benefit and expense factor to the hourly rates determined appropriate for physical therapy assistants and aides, and the contractor adds a 59 percent factor to the hourly rates determined appropriate for respiratory therapy aides and trainees. As with the hourly salary equivalency amounts, these amounts for the fringe benefit and expense factor will apply for services furnished on or after December 1, 1978, up to the effective date of the updated respiratory therapy and physical therapy guidelines published in the Federal Register on June 3, 1980, and February 25, 1981, respectively.

While it is not anticipated that a search will be conducted for cost reports already settled based on the amounts currently contained in Exhibits A-4 and B-1, contractors will reopen cost reports where they are aware of disallowed costs under those guidelines, or when providers apply for the adjustment. For purposes of reopening any cost reports to give effect to these adjustments, the date of this instruction or the date of final settlement of the cost report, whichever is later, will represent the beginning date for the purpose of determining the point at which the rules of administrative finality are applicable.

1423. APPLICATION OF RETROACTIVE PHYSICAL THERAPY AND RESPIRATORY THERAPY GUIDELINES THAT WERE ISSUED ON FEBRUARY 25, 1981

The guidelines that were issued in the Federal Register on February 25, 1981, were made retroactive in order that providers not be disadvantaged by the length of time that had elapsed since the physical therapy and respiratory therapy guidelines were last updated. A provider will be considered disadvantaged for purposes of application of the retroactive guidelines where one of the following conditions exists:

A. The provider has had costs disallowed as a result of application of the October 1978, guidelines for physical therapy services furnished on or after October 1, 1979, or the June 1980, guidelines for respiratory therapy services furnished on or after October 1, 1980; or

B. The provider had entered into a written contract with a supplier prior to the date the retroactive guidelines were published--February 25, 1981; the contract covered all or part of the retroactive period; and the contract specifically provided for payments to be made in accordance with the guidelines established by CMS. Also, there must be evidence available to show that the actual payments to the supplier were based on the guidelines in effect at the time. The following is an example of such a contract:

A provider has a contract that was signed and dated September 30, 1979, providing for physical therapy services to be furnished for the period October 1, 1979, through September 30, 1980. The CMS guidelines in effect at that time were applicable to services furnished on or after December 1, 1978, and provided for an adjusted hourly salary equivalency amount of \$12.60. An adjustment would be appropriate for October 1, 1979, through September 30, 1980, if the provider's contract states payment will be made in accordance with rates established by CMS (or similar language) and the provider is therefore obligated to retroactively increase its payments to the supplier based on the retroactive guidelines. The evidence must show the actual payments to the supplier had been based on \$12.60 per hour (the guideline rate in effect at the time the services were rendered).

Any adjustment made to the provider's costs, for the purpose of application of the retroactive guidelines, must reflect the additional amount to be paid to the supplier and may not exceed the rate shown in the applicable retroactive schedule. Also, the provider's liability must be liquidated by February 25, 1982.

The retroactive guidelines may not be applied to the physical or respiratory therapy costs of providers that do not meet the above requirements. Providers that believe they were adversely affected as a result of application of the October 1978, physical therapy guidelines or the June 1980, respiratory therapy guidelines to the periods described above should contact their contractor. It is the responsibility of the contractor to determine whether or not an adjustment to the provider's physical or respiratory therapy costs is necessary and to calculate the amount of the adjustment. Where an adjustment appears appropriate, each contract will be examined by the contractor and a determination made on a case-by-case basis.

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| <u>EXHIBIT A-2</u> | - | Schedule of Guidelines for Physical Therapy Services Furnished by Outside Suppliers On or After April 1, 1976, and through September 30, 1977 |
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EXHIBIT A-1

SCHEDULE OF GUIDELINES FOR PHYSICAL THERAPY SERVICES
FURNISHED BY OUTSIDE SUPPLIERS

Adjusted Hourly Salary Equivalency Amounts and Standard Travel Allowances
For Qualified Physical Therapists
(Full-Time, Regular Part-Time, or Home Visits)

(This schedule is effective for provider cost reporting periods beginning on or after April 1, 1975, through March 31, 1976. It is not to be used for physical therapy assistants or aides.)

<u>State</u>	<u>Adjusted Hourly Salary Equivalency Amount</u>	<u>Standard Travel Allowance</u>
Alabama	\$ 9.00	\$ 4.50
Alaska ¹	12.00	6.00
Arizona	9.60	4.80
Arkansas	7.70	3.85
California	9.60	4.80
Colorado	7.70	3.85
Connecticut	8.30	4.15
Delaware	9.60	4.80
District of Columbia	8.90	4.45
Florida	9.20	4.60
Georgia	8.90	4.45
Hawaii ²	11.10	5.55
Idaho	8.30	4.15
Illinois	8.90	4.45
Indiana	9.20	4.60
Iowa	8.40	4.20
Kansas	8.40	4.20
Kentucky	9.30	4.65
Louisiana	7.70	3.85
Maine	8.30	4.15
Maryland	9.80	4.90
Massachusetts	8.30	4.15
Michigan	9.50	4.75
Minnesota	8.40	4.20
Mississippi	9.00	4.50
Missouri	8.60	4.30
Montana	7.70	3.85
Nebraska	8.40	4.20
Nevada	9.60	4.80
New Hampshire	8.30	4.15
New Jersey	9.60	4.80

EXHIBIT A-1 (Cont.)

SCHEDULE OF GUIDELINES FOR PHYSICAL THERAPY SERVICES
FURNISHED BY OUTSIDE SUPPLIERS

Adjusted Hourly Salary Equivalency Amounts and Standard Travel Allowances
For Qualified Physical Therapists
(Full-Time, Regular Part-Time, or Home Visits)

<u>State</u>	<u>Adjusted Hourly Salary Equivalency Amount</u>	<u>Standard Travel Allowance</u>
New Mexico	\$7.70	\$3.85
New York	9.90	4.95
North Carolina	9.30	4.65
North Dakota	7.70	3.85
Ohio	9.20	4.60
Oklahoma	7.70	3.85
Oregon	8.60	4.30
Pennsylvania	9.30	4.65
Rhode Island	8.30	4.15
South Carolina	9.00	4.50
South Dakota	7.70	3.85
Tennessee	9.30	4.65
Texas	7.70	3.85
Utah	7.70	3.85
Vermont	8.30	4.15
Virginia	9.30	4.65
Washington	7.80	3.90
West Virginia	9.30	4.65
Wisconsin	8.90	4.45
Wyoming	7.70	3.35

¹ Adjusted for 25 percent salary differential

² Adjusted for 15 percent salary differential

EXHIBIT A-2

SCHEDULE OF GUIDELINES FOR PHYSICAL THERAPY SERVICES
FURNISHED BY OUTSIDE SUPPLIES

Adjusted Hourly Salary Equivalency Amounts and Standard Travel Allowances
For Qualified Physical Therapists
(Full-Time, Regular Part-Time, or Home Visits)

(This schedule is effective for services furnished on or after April 1, 1976, and through September 30, 1977. It is not to be used for physical therapy assistants or aides.)

<u>State</u>	<u>Adjusted Hourly Salary Equivalency Amount</u>	<u>Standard Travel Allowance</u>
Alabama	\$ 9.90	\$ 4.95
Alaska ¹	13.20	6.60
Arizona	10.50	5.25
Arkansas	8.40	4.20
California	10.50	5.25
Colorado	8.40	4.20
Connecticut	9.20	4.60
Delaware	10.70	5.35
District of Columbia	9.80	4.90
Florida	10.10	5.05
Georgia	9.80	4.90
Hawaii ²	11.90	5.95
Idaho	9.00	4.50
Illinois	9.80	4.90
Indiana	10.10	5.05
Iowa	9.30	4.65
Kansas	9.30	4.65
Kentucky	10.40	5.20
Louisiana	8.40	4.20
Maine	9.20	4.60
Maryland	10.80	5.40
Massachusetts	9.20	4.60
Michigan	10.40	5.20
Minnesota	9.30	4.65
Mississippi	9.90	4.95
Missouri	9.30	4.65
Montana	8.40	4.20
Nebraska	9.30	4.65
Nevada	10.50	5.25
New Hampshire	9.20	4.60
New Jersey	10.70	5.35

EXHIBIT A-2 (Cont.)

SCHEDULE OF GUIDELINES FOR PHYSICAL THERAPY SERVICES
FURNISHED BY OUTSIDE SUPPLIES

Adjusted Hourly Salary Equivalency Amounts and Standard Travel Allowances
For Qualified Physical Therapists
(Full-Time, Regular Part-Time, or Home Visits)

<u>State</u>	<u>Adjusted Hourly Salary Equivalency Amount</u>	<u>Standard Travel Allowance</u>
New Mexico	\$ 8.40	\$4.20
New York	10.80	5.40
North Carolina	10.40	5.20
North Dakota	9.40	4.20
Ohio	10.10	5.05
Oklahoma	8.40	4.20
Oregon	9.30	4.65
Pennsylvania	10.20	5.10
Rhode Island	9.20	4.60
South Carolina	9.90	4.95
South Dakota	8.40	4.20
Tennessee	10.40	5.20
Texas	8.40	4.20
Utah	8.40	4.20
Vermont	9.20	4.60
Virginia	10.40	5.20
Washington	8.70	4.35
West Virginia	10.40	5.20
Wisconsin	9.80	4.90
Wyoming	8.40	4.20

¹ Adjusted for 25 percent salary differential

² Adjusted for 15 percent salary differential

EXHIBIT A-3

SCHEDULE OF GUIDELINES FOR PHYSICAL THERAPY SERVICES
FURNISHED BY OUTSIDE SUPPLIERS

Adjusted Hourly Salary Equivalency Amounts and Standard Travel Allowances
For Qualified Physical Therapists
(Full-Time, Regular Part-Time, or Home Visits)

(This schedule is effective for services furnished on or after October 1, 1977, and through November 30, 1978. It is not to be used for physical therapy assistants or aides.)

<u>State</u>	<u>Adjusted Hourly Salary Equivalency Amount</u>	<u>Standard Travel Allowance</u>
Alabama	\$10.40	\$5.20
Alaska ¹	15.20	7.60
Arizona	12.20	6.10
Arkansas	10.10	5.05
California	12.20	6.10
Colorado	10.10	5.05
Connecticut	10.20	5.10
Delaware	12.20	6.10
District of Columbia	11.10	5.55
Florida	11.10	5.55
Georgia	9.80	4.90
Hawaii ²	14.30	7.15
Idaho	11.10	5.55
Illinois	11.10	5.55
Indiana	11.30	5.65
Iowa	10.10	5.05
Kansas	10.10	5.05
Kentucky	10.70	5.35
Louisiana	10.10	5.05
Maine	10.20	5.10
Maryland	10.70	5.35
Massachusetts	10.20	5.10
Michigan	11.90	5.95
Minnesota	10.70	5.35
Mississippi	10.40	5.20
Missouri	9.90	4.95
Montana	10.10	5.05
Nebraska	10.10	5.05
Nevada	12.20	6.10
New Hampshire	10.20	5.10
New Jersey	12.20	6.10

EXHIBIT A-3 (Cont.)

SCHEDULE OF GUIDELINES FOR PHYSICAL THERAPY SERVICES
FURNISHED BY OUTSIDE SUPPLIERS

Adjusted Hourly Salary Equivalency Amounts and Standard Travel Allowances
For Qualified Physical Therapists
(Full-Time, Regular Part-Time, or Home Visits)

<u>State</u>	<u>Adjusted Hourly Salary Equivalency Amount</u>	<u>Standard Travel Allowance</u>
New Mexico	\$10.10	\$5.05
New York	12.50	6.25
North Carolina	10.70	5.35
North Dakota	10.10	5.05
Ohio	11.10	5.55
Oklahoma	10.10	5.05
Oregon	11.70	5.85
Pennsylvania	11.30	5.65
Rhode Island	10.20	5.10
South Carolina	10.40	5.20
South Dakota	10.10	5.05
Tennessee	10.20	5.10
Texas	10.10	5.05
Utah	10.10	5.05
Vermont	10.20	5.10
Virginia	10.70	5.35
Washington	10.40	5.20
West Virginia	10.70	5.35
Wisconsin	10.80	5.40
Wyoming	10.10	5.05

¹ Adjusted for 25 percent salary differential

² Adjusted for 17.5 percent salary differential

EXHIBIT A-4

SCHEDULE OF GUIDELINES FOR PHYSICAL THERAPY SERVICES
FURNISHED BY OUTSIDE SUPPLIERS

Adjusted Hourly Salary Equivalency Amounts and Standard Travel Allowances
For Qualified Physical Therapists
(Full-Time, Regular Part-Time, or Home Visits)

(This schedule is effective for services furnished on or after December 1, 1978. It is not to be used for physical therapy assistants or aides.)

<u>State</u>	<u>Adjusted Hourly Salary Equivalency Amount</u>	<u>Standard Travel Allowance</u>
Alabama	\$11.70	\$5.85
Alaska ¹	17.00	8.50
Arizona	13.70	6.85
Arkansas	11.30	5.65
California	13.70	6.85
Colorado	11.40	5.70
Connecticut	11.60	5.80
Delaware	13.70	6.85
District of Columbia	12.50	6.25
Florida	12.50	6.25
Georgia	11.00	5.50
Hawaii ²	16.10	8.05
Idaho	12.50	6.25
Illinois	12.50	6.25
Indiana	12.80	6.40
Iowa	11.40	5.70
Kansas	11.40	5.70
Kentucky	12.00	6.00
Louisiana	11.30	5.65
Maine	11.60	5.80
Maryland	12.00	6.00
Massachusetts	11.60	5.80
Michigan	13.50	6.75
Minnesota	12.20	6.10
Mississippi	11.70	5.85
Missouri	11.10	5.55
Montana	11.40	5.70
Nebraska	11.40	5.70
Nevada	13.70	6.85
New Hampshire	11.60	5.80
New Jersey	13.70	6.85

EXHIBIT A-4 (Cont.)

SCHEDULE OF GUIDELINES FOR PHYSICAL THERAPY SERVICES
FURNISHED BY OUTSIDE SUPPLIERS

Adjusted Hourly Salary Equivalency Amounts and Standard Travel Allowances
For Qualified Physical Therapists
(Full-Time, Regular Part-Time, or Home Visits)

<u>State</u>	<u>Adjusted Hourly Salary Equivalency Amount</u>	<u>Standard Travel Allowance</u>
New Mexico	\$11.30	\$5.65
New York	14.10	7.05
North Carolina	12.00	6.00
North Dakota	11.40	5.70
Ohio	12.60	6.30
Oklahoma	11.30	5.65
Oregon	13.20	6.60
Pennsylvania	12.80	6.40
Rhode Island	11.60	5.80
South Carolina	11.70	5.85
South Dakota	11.40	5.70
Tennessee	11.60	5.80
Texas	11.30	5.65
Utah	11.40	5.70
Vermont	11.60	5.80
Virginia	12.00	6.00
Washington	11.60	5.80
West Virginia	12.00	6.00
Wisconsin	12.30	6.15
Wyoming	11.40	5.70

¹ Adjusted for 25 percent salary differential

² Adjusted for 17.5 percent salary differential

Exhibit A-5

SCHEDULE OF GUIDELINES FOR PHYSICAL THERAPY SERVICES
FURNISHED UNDER ARRANGEMENTS

Adjusted Hourly Salary Equivalency Amounts and Standard Travel Allowances
For Qualified Physical Therapists
(Full-Time, Regular Part-Time, or Home Visits)¹

(This schedule is effective for services furnished on or after October 1, 1979, through September 30, 1980. It is not to be used for physical therapy assistants or aides.)

NOTE: For those States marked with a single * the December 1, 1978, guidelines continue to be in effect through September 1980. For the States marked with a double ** the updated computation of guidelines resulted in amounts that are the same as those in the December 1, 1978, schedule.

<u>State</u>	<u>Adjusted Hourly Salary Equivalency Amount</u>	<u>Standard Travel Allowance</u>
**ALABAMA	\$11.70	\$5.85
ALASKA ²	18.60	9.30
ARIZONA	15.00	7.50
ARKANSAS	12.00	6.00
CALIFORNIA	15.00	7.50
COLORADO	11.70	5.85
* CONNECTICUT	11.60	5.80
* DELAWARE	13.70	6.85
* DISTRICT OF COLUMBIA	12.50	6.25
FLORIDA	12.80	6.40
* GEORGIA	11.00	5.50
HAWAII ³	17.20	8.60
IDAHO	12.80	6.40
**ILLINOIS	12.50	6.25
INDIANA	13.10	6.55
IOWA	11.90	5.95
KANSAS	11.90	5.95
* KENTUCKY	12.00	6.00
LOUISIANA	12.00	6.00
* MAINE	11.60	5.80
* MARYLAND	12.00	6.00
* MASSACHUSETTS	11.60	5.80
MICHIGAN	14.20	7.10
MINNESOTA	12.30	6.15
**MISSISSIPPI	11.70	5.85
MISSOURI	11.60	5.80
MONTANA	11.70	5.85
NEBRASKA	11.90	5.95
NEVADA	15.00	7.50
* NEW HAMPSHIRE	11.60	5.80
* NEW JERSEY	13.70	6.85

Exhibit A-5 (Cont.)

SCHEDULE OF GUIDELINES FOR PHYSICAL THERAPY SERVICES
FURNISHED UNDER ARRANGEMENTS

Adjusted Hourly Salary Equivalency Amounts and Standard Travel Allowances
For Qualified Physical Therapists
(Full-Time, Regular Part-Time, or Home Visits)¹

<u>State</u>	<u>Adjusted Hourly Salary Equivalency Amount</u>	<u>Standard Travel Allowance</u>
NEW MEXICO	\$12.00	\$6.00
* NEW YORK	14.10	7.05
* NORTH CAROLINA	12.00	6.00
NORTH DAKOTA	11.70	5.85
OHIO	13.30	6.65
OKLAHOMA	12.00	6.00
OREGON	13.60	6.80
* PENNSYLVANIA	12.80	6.40
* RHODE ISLAND	11.60	5.80
**SOUTH CAROLINA	11.70	5.85
SOUTH DAKOTA	11.70	5.85
TENNESSEE	11.90	5.95
TEXAS	12.00	6.00
UTAH	11.70	5.85
* VERMONT	11.60	5.80
* VIRGINIA	12.00	6.00
WASHINGTON	11.90	5.95
* WEST VIRGINIA	12.00	6.00
**WISCONSIN	12.30	6.15
WYOMING	11.70	5.85

¹ A provider is considered to require services on a full-time or regular part-time basis if the total hours of service average 15 or more per week.

² Adjusted for 25 percent salary differential.

³ Adjusted for 15 percent salary differential.

Exhibit A-6

SCHEDULE OF GUIDELINES FOR PHYSICAL THERAPY SERVICES
FURNISHED UNDER ARRANGEMENTS

Adjusted Hourly Salary Equivalency Amounts and Standard Travel Allowances
For Qualified Physical Therapists
(Full-Time, Regular Part-Time, or Home Visits)¹

(This schedule is effective for services furnished on or after October 1, 1980, through September 30, 1981. It is not to be used for physical therapy assistants or aides.)

<u>State</u>	<u>Adjusted Hourly Salary Equivalency Amount</u>	<u>Standard Travel Allowance</u>
ALABAMA	\$13.20	\$6.60
ALASKA ²	20.90	10.45
ARIZONA	16.70	8.35
ARKANSAS	13.50	6.75
CALIFORNIA	16.70	8.35
COLORADO	13.00	6.50
CONNECTICUT	12.70	6.35
DELAWARE	14.60	7.30
DISTRICT OF COLUMBIA	13.50	6.75
FLORIDA	14.30	7.15
GEORGIA	12.10	6.05
HAWAII ³	19.20	9.60
IDAHO	14.30	7.15
ILLINOIS	14.00	7.00
INDIANA	14.60	7.30
IOWA	13.20	6.60
KANSAS	13.20	6.60
KENTUCKY	13.20	6.60
LOUISIANA	13.50	6.75
MAINE	12.70	6.35
MARYLAND	12.90	6.45
MASSACHUSETTS	12.70	6.35
MICHIGAN	15.90	7.95
MINNESOTA	13.80	6.90
MISSISSIPPI	13.20	6.60
MISSOURI	12.90	6.45
MONTANA	13.00	6.50
NEBRASKA	13.20	6.60
NEVADA	16.70	8.35
NEW HAMPSHIRE	12.70	6.35
NEW JERSEY	14.60	7.30

Exhibit A-6 (Cont.)

SCHEDULE OF GUIDELINES FOR PHYSICAL THERAPY SERVICES
 FURNISHED UNDER ARRANGEMENTS

Adjusted Hourly Salary Equivalency Amounts and Standard Travel Allowances
For Qualified Physical Therapists
 (Full-Time, Regular Part-Time, or Home Visits)¹

<u>State</u>	<u>Adjusted Hourly Salary Equivalency Amount</u>	<u>Standard Travel Allowance</u>
NEW MEXICO	\$13.50	\$6.75
NEW YORK	15.10	7.55
NORTH CAROLINA	13.20	6.60
NORTH DAKOTA	13.00	6.50
OHIO	14.90	7.45
OKLAHOMA	13.50	6.75
OREGON	15.20	7.60
PENNSYLVANIA	13.80	6.90
RHODE ISLAND	12.70	6.35
SOUTH CAROLINA	13.20	6.60
SOUTH DAKOTA	13.00	6.50
TENNESSEE	13.20	6.60
TEXAS	13.50	6.75
UTAH	13.00	6.50
VERMONT	12.70	6.35
VIRGINIA	13.20	6.60
WASHINGTON	13.20	6.60
WEST VIRGINIA	13.20	6.60
WISCONSIN	13.80	6.90
WYOMING	13.00	6.50

¹ A provider is considered to require services on a full-time or regular part-time basis if the total hours of service average 15 or more per week.

² Adjusted for 25 percent salary differential.

³ Adjusted for 15 percent salary differential.

1499 (Cont.)

SCHEDULE OF GUIDELINES FOR PHYSICAL THERAPY SERVICES FURNISHED BY OUTSIDE SUPPLIERS

Adjusted Hourly Salary Equivalency Amounts and Standard Travel Allowances
For Qualified Physical Therapists
(Full-Time, Regular Part-Time, or Home Visits)

(The schedule of guidelines effective for physical therapy services furnished by outside suppliers on or after October 1, 1981, is determined by applying an update factor to the schedule of guidelines in Exhibit A-6 for physical therapy services furnished by outside suppliers on or after October 1, 1980, and through September 30, 1981. The updated adjusted hourly salary equivalency amount is determined by increasing the adjusted hourly salary equivalency amount in Exhibit A-6 by 13.1 percent. The standard travel allowance is 50 percent of the updated adjusted hourly salary equivalency amount. The updated amounts are rounded to the nearest cent.)

EXAMPLE: Alabama

Adjusted Hourly Salary Equivalency Amount for Services Furnished On or After October 1, 1980, and through September 30, 1981 (from Exhibit A-6)	\$13.20
Update Factor	x <u>1.131</u>
Adjusted Hourly Salary Equivalency Amount for Services Furnished On or After October 1, 1981	\$14.93
Standard Travel Allowance For Services Furnished On or After October 1, 1981	\$7.47

EXHIBIT A-8

SCHEDULE OF GUIDELINES FOR PHYSICAL THERAPY SERVICES
FURNISHED UNDER ARRANGEMENTS

Adjusted Hourly Salary Equivalency Amounts and Standard Travel Allowances
For Qualified Physical Therapist
(Full-Time, Regular Part-Time, or Home Visits)

(This schedule is effective for services furnished on or after October 1, 1982. For a 12-month cost reporting period beginning on or after November 1, 1982, the published guideline amount will be adjusted upward by a factor equal to .6 percent for each lapsed month between October 1, 1982, and the beginning month of the provider's cost reporting period.² It is not to be used for physical therapy assistants or aides.)

<u>State</u>	<u>Adjusted Hourly Salary Equivalency Amount</u>	<u>Standard Travel Allowance</u>
Alabama	\$17.14	\$ 8.57
Alaska	26.39	13.20
Arizona	21.11	10.56
Arkansas	16.79	8.40
California	21.11	10.56
Colorado	18.24	9.12
Connecticut	16.71	8.36
Delaware	18.79	9.40
District of Columbia	17.83	8.92
Florida	18.42	9.21
Georgia	16.55	8.28
Hawaii	25.33	12.67
Idaho	19.52	9.76
Illinois	18.96	9.48
Indiana	19.13	9.57
Iowa	16.97	8.49
Kansas	16.97	8.49
Kentucky	17.83	8.92
Louisiana	16.79	8.40
Maine	16.71	8.36
Maryland	17.82	8.91
Massachusetts	16.71	8.36
Michigan	20.19	10.10
Minnesota	16.97	8.49
Mississippi	17.14	8.57
Missouri	16.97	8.49
Montana	18.24	9.12
Nebraska	16.97	8.49
Nevada	21.11	10.56
New Hampshire	16.71	8.36
New Jersey	18.79	9.40

EXHIBIT A-8 (Cont.)

SCHEDULE OF GUIDELINES FOR PHYSICAL THERAPY SERVICES
FURNISHED UNDER ARRANGEMENTS

Adjusted Hourly Salary Equivalency Amounts and Standard Travel Allowances
For Qualified Physical Therapist
(Full-Time, Regular Part-Time, or Home Visits)

<u>State</u>	<u>Adjusted Hourly Salary Equivalency Amount</u>	<u>Standard Travel Allowance</u>
New Mexico	\$16.79	\$8.40
New York	19.58	9.79
North Carolina	17.83	8.92
North Dakota	18.24	9.12
Ohio	18.65	9.33
Oklahoma	16.79	8.40
Oregon	19.65	9.83
Pennsylvania	17.24	8.62
Rhode Island	16.71	8.36
South Carolina	17.14	8.57
South Dakota	18.24	9.12
Tennessee	17.83	8.92
Texas	16.79	8.40
Utah	18.24	9.12
Vermont	16.71	8.36
Virginia	17.83	8.92
Washington	19.45	9.73
West Virginia	17.83	8.92
Wisconsin	17.92	8.96
Wyoming	18.24	9.12

¹ A provider is considered to require services on a full-time or regular part-time basis if the total hours of service average 15 or more per week.

² For providers with other than a 12-month cost reporting period, the contractor will contact CMS for the adjustment factor.

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EXHIBIT B-1

SCHEDULE OF GUIDELINES FOR RESPIRATORY THERAPY SERVICES
FURNISHED BY OUTSIDE SUPPLIERS

Adjusted Hourly Salary Equivalency Amounts and Standard Travel Allowances
For Registered and Certified Therapists
(Full-Time or Regular Part-Time)

(This schedule is effective for services furnished on or after December 1, 1978. It is not to be used for respiratory therapy aides or trainees.)

State	Registered Therapists		Certified Therapists	
	Adjusted Hourly Salary Equivalency Amount	Standard Travel Allowance	Adjusted Hourly Salary Equivalency Amount	Standard Travel Allowance
Alabama	\$11.30	\$5.65	\$9.20	\$4.60
Alaska ¹	14.70	7.35	13.50	6.75
Arizona	11.70	5.85	10.80	5.40
Arkansas	11.10	5.55	8.10	4.05
California	11.70	5.85	10.80	5.40
Colorado	10.70	5.35	9.80	4.90
Connecticut	12.00	6.00	10.20	5.10
Delaware	12.90	6.45	11.00	5.50
District of Columbia	11.70	5.85	11.30	5.65
Florida	11.30	5.65	9.50	4.75
Georgia	11.30	5.65	8.70	4.35
Hawaii ²	13.80	6.90	12.80	6.40
Idaho	10.70	5.35	9.20	4.60
Illinois	11.60	5.80	10.40	5.20
Indiana	10.80	5.40	10.20	5.10
Iowa	10.40	5.20	8.90	4.45
Kansas	10.40	5.20	8.90	4.45
Kentucky	10.50	5.25	10.10	5.05
Louisiana	11.10	5.55	8.10	4.05
Maine	12.00	6.00	10.20	5.10
Maryland	10.70	5.35	10.70	5.35
Massachusetts	12.00	6.00	10.20	5.10
Michigan	10.80	5.40	10.80	5.40
Minnesota	9.90	4.95	8.90	4.45
Mississippi	11.30	5.65	9.20	4.60
Missouri	10.70	5.35	8.90	4.45
Montana	10.70	5.35	8.90	4.45
Nebraska	10.40	5.20	8.90	4.45
Nevada	11.70	5.85	10.80	5.40
New Hampshire	12.00	6.00	10.20	5.10
New Jersey	12.90	6.45	11.00	5.50

EXHIBIT B-1 (Cont.)

SCHEDULE OF GUIDELINES FOR RESPIRATORY THERAPY SERVICES
FURNISHED BY OUTSIDE SUPPLIERS

Adjusted Hourly Salary Equivalency Amounts and Standard Travel Allowances
For Registered and Certified Therapists
(Full-Time or Regular Part-Time)

State	<u>Registered Therapists</u>		<u>Certified Therapists</u>	
	<u>Adjusted Hourly Salary Equivalency Amount</u>	<u>Standard Travel Allowance</u>	<u>Adjusted Hourly Salary Equivalency Amount</u>	<u>Standard Travel Allowance</u>
New Mexico	\$11.10	\$5.55	\$8.10	\$4.05
New York	14.70	7.35	11.40	5.70
North Carolina	10.50	5.25	10.10	5.05
North Dakota	10.70	5.35	9.80	4.90
Ohio	10.40	5.20	9.90	4.95
Oklahoma	11.10	5.55	8.10	4.05
Oregon	10.10	5.05	9.20	4.60
Pennsylvania	11.10	5.55	10.40	5.20
Rhode Island	12.00	6.00	10.20	5.10
South Carolina	11.30	5.65	9.20	4.60
South Dakota	10.70	5.35	9.80	4.90
Tennessee	9.30	4.65	8.40	4.20
Texas	11.10	5.55	8.10	4.05
Utah	10.70	5.35	9.80	4.90
Vermont	12.00	6.00	10.20	5.10
Virginia	10.50	5.25	10.10	5.05
Washington	11.30	5.65	9.20	4.60
West Virginia	10.50	5.25	10.10	5.05
Wisconsin	10.80	5.40	9.60	4.80
Wyoming	10.70	5.35	9.80	4.90

¹ Adjusted for 25 percent salary differential
² Adjusted for 17.5 percent salary differential

EXHIBIT B-2

SCHEDULE OF GUIDELINES FOR RESPIRATORY THERAPY SERVICES
(REGISTERED THERAPISTS) FURNISHED BY OUTSIDE SUPPLIERS

Adjusted Hourly Salary Equivalency Amounts and Standard Travel Allowances
For Registered Therapists
(Full Time, Regular Part Time)¹

(Effective for services furnished on or after October 1, 1979, except for those States marked with *. In those States, the effective date will be August 1, 1980. This schedule is not to be used for respiratory therapy aides or trainees.)

<u>State</u>	<u>Adjusted Hourly Salary Equivalency Amount</u>	<u>Standard Travel Allowance</u>
Alabama	\$11.60	\$5.80
Alaska ²	16.90	8.45
Arizona	13.60	6.80
*Arkansas	10.40	5.20
California	13.60	6.80
Colorado	11.90	5.95
*Connecticut	11.40	5.70
Delaware	13.10	6.55
District of Columbia	12.20	6.10
Florida	12.40	6.20
*Georgia	10.70	5.35
Hawaii ³	15.60	7.80
Idaho	12.40	6.20
Illinois	11.70	5.85
Indiana	12.10	6.05
Iowa	11.90	5.95
Kansas	11.90	5.95
Kentucky	12.20	6.10
*Louisiana	10.40	5.20
*Maine	11.40	5.70
Maryland	12.20	6.10
*Massachusetts	11.40	5.70
Michigan	12.60	6.30
Minnesota	11.70	5.85
Mississippi	11.60	5.80
Missouri	12.10	6.05
Montana	11.90	5.95
Nebraska	11.90	5.95
Nevada	13.60	6.80
*New Hampshire	11.40	5.70
New Jersey	13.10	6.55

EXHIBIT B-2 (Cont.)

SCHEDULE OF GUIDELINES FOR RESPIRATORY THERAPY SERVICES
(REGISTERED THERAPISTS) FURNISHED BY OUTSIDE SUPPLIERS

Adjusted Hourly Salary Equivalency Amounts and Standard Travel Allowances
For Registered Therapists
(Full-Time, Regular Part-Time)¹

<u>State</u>	<u>Adjusted Hourly Salary Equivalency Amount</u>	<u>Standard Travel Allowance</u>
*New Mexico	\$10.40	\$ 5.20
*New York	13.70	6.85
North Carolina	12.20	6.10
North Dakota	11.90	5.95
Ohio	12.20	6.10
*Oklahoma	10.40	5.20
Oregon	12.40	6.20
Pennsylvania	12.40	6.20
*Rhode Island	11.40	5.70
South Carolina	11.60	5.80
South Dakota	11.90	5.95
Tennessee	12.20	6.10
*Texas	10.40	5.20
Utah	11.90	5.95
*Vermont	11.40	5.70
Virginia	12.20	6.10
Washington	12.40	6.20
West Virginia	12.20	6.10
Wisconsin	11.90	5.95
Wyoming	11.90	5.95

¹ A provider is considered to require services on a full-time or regular part-time basis, if the total hours of service average 15 or more per week.

² Adjusted for 25 percent salary differential.

³ Adjusted for 15 percent salary differential.

EXHIBIT B-3

SCHEDULE OF GUIDELINES FOR RESPIRATORY THERAPY SERVICES
(CERTIFIED RESPIRATORY THERAPISTS) FURNISHED BY OUTSIDE SUPPLIERS

Adjusted Hourly Salary Equivalency Amounts and Standard Travel Allowances
For Certified Respiratory Therapists
(Full-Time, Regular Part-Time)¹

(Effective for services furnished on or after October 1, 1979. This schedule is not to be used for respiratory therapy aides or trainees.)

<u>State</u>	<u>Adjusted Hourly Salary Equivalency Amount</u>	<u>Standard Travel Allowance</u>
Alabama	\$10.10	\$5.05
Alaska ²	16.20	8.10
Arizona	12.90	6.45
Arkansas	9.60	4.80
California	12.90	6.45
Colorado	10.20	5.10
Connecticut	10.70	5.35
Delaware	12.20	6.10
District of Columbia	11.40	5.70
Florida	11.20	5.60
Georgia	9.10	4.55
Hawaii ³	14.90	7.45
Idaho	11.40	5.70
Illinois	11.40	5.70
Iowa	10.40	5.20
Kansas	10.40	5.20
Kentucky	11.20	5.60
Louisiana	9.60	4.80
Maine	10.70	5.35
Maryland	11.10	5.55
Massachusetts	10.70	5.35
Michigan	11.60	5.80
Minnesota	10.20	5.10
Mississippi	10.10	5.05
Missouri	10.60	5.30
Montana	10.20	5.10
Nebraska	10.40	5.20
Nevada	12.90	6.45
New Hampshire	10.70	5.35
New Jersey	12.20	6.10

EXHIBIT B-3 (Cont.)

SCHEDULE OF GUIDELINES FOR RESPIRATORY THERAPY SERVICES
(CERTIFIED RESPIRATORY THERAPISTS) FURNISHED BY OUTSIDE SUPPLIERS

Adjusted Hourly Salary Equivalency Amounts and And Standard Travel Allowances
For Certified Respiratory Therapists
(Full-Time, Regular Part-Time)¹

<u>State</u>	<u>Adjusted Hourly Salary Equivalency Amount</u>	<u>Standard Travel Allowance</u>
New Mexico	\$ 9.60	\$4.80
New York	12.60	6.30
North Carolina	11.20	5.60
North Dakota	10.20	5.10
Ohio	11.40	5.70
Oklahoma	9.60	4.80
Oregon	11.60	5.80
Pennsylvania	11.70	5.85
Rhode Island	10.70	5.35
South Carolina	10.10	5.50
South Dakota	10.20	5.10
Tennessee	11.20	5.60
Texas	9.60	4.80
Utah	10.20	5.10
Vermont	10.70	5.35
Virginia	11.20	5.60
Washington	11.10	5.55
West Virginia	11.20	5.60
Wisconsin	11.60	5.80
Wyoming	10.20	5.10

¹ A provider is considered to require services on a full-time or regular part-time basis if the total hours of service average 15 or more per week.

² Adjusted for 25 percent salary differential.

³ Adjusted for 25 percent salary differential.

EXHIBIT B-4

SCHEDULE OF GUIDELINES FOR RESPIRATORY THERAPY SERVICES
(NONREGISTERED AND NONCERTIFIED RESPIRATORY THERAPISTS)
FURNISHED BY OUTSIDE SUPPLIERS

Adjusted Hourly Salary Equivalency Amounts and Standard Travel Allowances
For Nonregistered and Noncertified Respiratory Therapists
(Full-Time, Regular Part-Time)¹

(Effective for services furnished on or after August 1, 1980. This schedule is not to be used for respiratory therapy aides or trainees.)

<u>State</u>	<u>Adjusted Hourly Salary Equivalency Amount</u>	<u>Standard Travel Allowance</u>
Alabama	\$8.90	\$5.05
Alaska ²	16.20	8.10
Arizona	12.90	6.45
Arkansas	8.10	4.80
California	12.90	6.45
Colorado	10.90	5.10
Connecticut	9.70	5.35
Delaware	10.90	6.10
District of Columbia	10.20	5.70
Florida	9.10	5.60
Georgia	8.70	4.55
Hawaii ³	14.90	7.45
Idaho	10.40	5.70
Illinois	10.70	5.70
Indiana	10.60	5.30
Iowa	9.10	4.55
Kansas	9.10	4.55
Kentucky	10.20	5.10
Louisiana	8.10	4.05
Maine	9.70	4.85
Maryland	10.20	5.10
Massachusetts	9.70	4.05
Michigan	11.40	5.70
Minnesota	9.10	4.55
Mississippi	8.90	4.45
Missouri	9.10	4.55
Montana	10.90	5.45
Nebraska	9.10	4.55
Nevada	12.90	6.45
New Hampshire	9.70	4.85
New Jersey	10.90	5.45

EXHIBIT B-4 (Cont.)

SCHEDULE OF GUIDELINES FOR RESPIRATORY THERAPY SERVICES
(NONREGISTERED AND NONCERTIFIED RESPIRATORY THERAPISTS)
FURNISHED BY OUTSIDE SUPPLIERS

Adjusted Hourly Salary Equivalency Amounts and Standard Travel Allowances
For Nonregistered and Noncertified Respiratory Therapists
(Full-Time, Regular Part-Time)¹

<u>State</u>	<u>Adjusted Hourly Salary Equivalency Amount</u>	<u>Standard Travel Allowance</u>
New Mexico	\$ 8.10	\$4.05
New York	11.10	5.55
North Carolina	10.20	5.10
North Dakota	10.90	5.45
Ohio	10.10	5.05
Oklahoma	8.10	4.05
Oregon	11.10	5.55
Pennsylvania	10.60	5.30
Rhode Island	9.70	4.85
South Carolina	8.90	4.45
South Dakota	10.90	5.45
Tennessee	10.20	5.10
Texas	8.10	4.05
Utah	10.90	5.45
Vermont	9.70	4.85
Virginia	10.20	5.10
Washington	9.70	4.85
West Virginia	10.20	5.10
Wisconsin	10.10	5.05
Wyoming	10.90	5.45

¹ A provider is considered to require services on a full-time or regular part-time basis if the total hours of service average 15 or more per week.

² Adjusted for 25 percent salary differential.

³ Adjusted for 25 percent salary differential.

Exhibit B-5

SCHEDULE OF GUIDELINES FOR RESPIRATORY THERAPY SERVICES
(REGISTERED THERAPISTS) FURNISHED BY OUTSIDE SUPPLIERS

Adjusted Hourly Salary Equivalency Amounts and Standard Travel Allowances
For Registered Therapists
(Full-Time, Regular Part-Time)¹

(This schedule is effective for services furnished on or after October 1, 1980, through September 30, 1981. This schedule is not be used for respiratory therapy aides or trainees.)

<u>State</u>	<u>Adjusted Hourly Salary Equivalency Amount</u>	<u>Standard Travel Allowance</u>
ALABAMA	\$12.60	\$6.30
ALASKA ²	18.40	9.20
ARIZONA	14.80	7.40
ARKANSAS	11.30	5.65
CALIFORNIA	14.80	7.40
COLORADO	13.00	6.50
CONNECTICUT	12.50	6.25
DELAWARE	14.30	7.15
DISTRICT OF COLUMBIA	13.50	6.75
FLORIDA	13.50	6.75
GEORGIA	11.70	5.85
HAWAII ³	16.90	8.45
IDAHO	13.50	6.75
ILLINOIS	12.80	6.40
INDIANA	13.10	6.55
IOWA	13.00	6.50
KANSAS	13.00	6.50
KENTUCKY	13.50	6.75
LOUISIANA	11.30	5.65
MAINE	12.50	6.25
MARYLAND	13.50	6.75
MASSACHUSETTS	12.50	6.25
MICHIGAN	13.60	6.80
MINNESOTA	12.80	6.40
MISSISSIPPI	12.60	6.30
MISSOURI	13.10	6.55
MONTANA	13.00	6.50
NEBRASKA	13.00	6.50
NEVADA	14.80	7.40
NEW HAMPSHIRE	12.50	6.25
NEW JERSEY	14.30	7.15

Exhibit B-5 (Cont.)

SCHEDULE OF GUIDELINES FOR RESPIRATORY THERAPY SERVICES
(REGISTERED THERAPISTS) FURNISHED BY OUTSIDE SUPPLIERS

Adjusted Hourly Salary Equivalency Amounts and Standard Travel Allowances
For Registered Therapists
(Full-Time, Regular Part-Time)¹

<u>State</u>	<u>Adjusted Hourly Salary Equivalency Amount</u>	<u>Standard Travel Allowance</u>
NEW MEXICO	\$11.30	\$5.65
NEW YORK	14.90	7.45
NORTH CAROLINA	13.50	6.75
NORTH DAKOTA	13.00	6.50
OHIO	13.30	6.65
OKLAHOMA	11.30	5.65
OREGON	13.60	6.80
PENNSYLVANIA	13.50	6.75
RHODE ISLAND	12.50	6.25
SOUTH CAROLINA	12.60	6.30
SOUTH DAKOTA	13.00	6.50
TENNESSEE	13.50	6.75
TEXAS	11.30	5.65
UTAH	13.00	6.50
VERMONT	12.50	6.25
VIRGINIA	13.50	6.75
WASHINGTON	13.50	6.75
WEST VIRGINIA	13.50	6.75
WISCONSIN	13.00	6.50
WYOMING	13.00	6.50

¹ A provider is considered to require services on a full-time or regular part-time basis, if the total hours of service average 15 or more per week.

² Adjusted for 25 percent salary differential.

³ Adjusted for 15 percent salary differential.

Exhibit B-6

SCHEDULE OF GUIDELINES FOR RESPIRATORY THERAPY SERVICES
(CERTIFIED RESPIRATORY THERAPISTS) FURNISHED BY OUTSIDE SUPPLIERS

Adjusted Hourly Salary Equivalency Amounts and Standard Travel Allowances
For Certified Respiratory Therapists
(Full-Time, Regular Part-Time)¹

(This schedule is effective for services furnished on or after October 1, 1980, through September 30, 1981. This schedule is not to be used for respiratory therapy aides or trainees.)

<u>State</u>	<u>Adjusted Hourly Salary Equivalency Amount</u>	<u>Standard Travel Allowance</u>
ALABAMA	\$11.00	\$5.50
ALASKA ²	17.60	8.80
ARIZONA	14.10	7.05
ARKANSAS	10.40	5.20
CALIFORNIA	14.10	7.05
COLORADO	11.20	5.60
CONNECTICUT	11.70	5.85
DELAWARE	13.50	6.75
DISTRICT OF COLUMBIA	12.50	6.25
FLORIDA	12.20	6.10
GEORGIA	9.90	4.95
HAWAII ³	16.20	8.10
IDAHO	12.50	6.25
ILLINOIS	12.50	6.25
INDIANA	12.50	6.25
IOWA	11.30	5.65
KANSAS	11.30	5.65
KENTUCKY	12.30	6.15
LOUISIANA	10.40	5.20
MAINE	11.70	5.85
MARYLAND	12.20	6.10
MASSACHUSETTS	11.70	5.85
MICHIGAN	12.50	6.25
MINNESOTA	11.00	5.50
MISSISSIPPI	11.00	5.50
MISSOURI	11.50	5.75
MONTANA	11.20	5.60
NEBRASKA	11.30	5.65
NEVADA	14.10	7.05
NEW HAMPSHIRE	11.70	5.85
NEW JERSEY	13.50	6.75

Exhibit B-6 (Cont.)

SCHEDULE OF GUIDELINES FOR RESPIRATORY THERAPY SERVICES
(CERTIFIED RESPIRATORY THERAPISTS) FURNISHED BY OUTSIDE SUPPLIERS

Adjusted Hourly Salary Equivalency Amounts and Standard Travel Allowances
For Certified Respiratory Therapists
(Full-Time, Regular Part-Time)¹

<u>State</u>	<u>Adjusted Hourly Salary Equivalency Amount</u>	<u>Standard Travel Allowance</u>
NEW MEXICO	\$10.40	\$5.20
NEW YORK	13.60	6.80
NORTH CAROLINA	12.30	6.15
NORTH DAKOTA	11.20	5.60
OHIO	12.30	6.15
OKLAHOMA	10.40	5.20
OREGON	12.60	6.30
PENNSYLVANIA	12.80	6.40
RHODE ISLAND	11.70	5.85
SOUTH CAROLINA	11.00	5.50
SOUTH DAKOTA	11.20	5.60
TENNESSEE	12.30	6.15
TEXAS	10.40	5.20
UTAH	11.20	5.60
VERMONT	11.70	5.85
VIRGINIA	12.30	6.15
WASHINGTON	12.20	6.10
WEST VIRGINIA	12.30	6.15
WISCONSIN	12.50	6.25
WYOMING	11.20	5.60

¹ A provider is considered to require services on a full-time or regular part-time basis if the total hours of service average 15 or more hours per week.

² Adjusted for 25 percent salary differential.

³ Adjusted for 15 percent salary differential.

Exhibit B-7

SCHEDULE OF GUIDELINES FOR RESPIRATORY THERAPY SERVICES
(NON-REGISTERED AND NON-CERTIFIED RESPIRATORY THERAPISTS)
FURNISHED BY OUTSIDE SUPPLIERS

Adjusted Hourly Salary Equivalency Amounts and Standard Travel Allowances
For Non-Registered and Non-Certified Respiratory Therapists
(Full-Time, Regular Part-Time)¹

(This schedule is effective for services furnished on or after October 1, 1980, through September 30, 1981. It is not to be used for respiratory therapy aides or trainees.)

<u>State</u>	<u>Adjusted Hourly Salary Equivalency Amount</u>	<u>Standard Travel Allowance</u>
ALABAMA	\$ 9.70	\$4.85
ALASKA ²	17.60	8.80
ARIZONA	14.10	7.05
ARKANSAS	8.90	4.45
CALIFORNIA	14.10	7.05
COLORADO	11.80	5.90
CONNECTICUT	10.70	5.35
DELAWARE	11.80	5.90
DISTRICT OF COLUMBIA	11.20	5.60
FLORIDA	9.90	4.95
GEORGIA	9.50	4.75
HAWAII ³	16.20	8.10
IDAHO	11.30	5.65
ILLINOIS	11.80	5.90
INDIANA	11.50	5.75
IOWA	10.00	5.00
KANSAS	10.00	5.00
KENTUCKY	11.20	5.60
LOUISIANA	8.90	4.45
MAINE	10.70	5.35
MARYLAND	11.00	5.50
MASSACHUSETTS	10.70	5.35
MICHIGAN	12.30	6.15
MINNESOTA	10.00	5.00
MISSISSIPPI	9.70	4.85
MISSOURI	10.00	5.00
MONTANA	11.80	5.90
NEBRASKA	10.00	5.00
NEVADA	14.10	7.05
NEW HAMPSHIRE	10.70	5.35
NEW JERSEY	11.80	5.90

Exhibit B-7 (continued)

SCHEDULE OF GUIDELINES FOR RESPIRATORY THERAPY SERVICES
(NON-REGISTERED AND NON-CERTIFIED RESPIRATORY THERAPISTS)
FURNISHED BY OUTSIDE SUPPLIERS

Adjusted Hourly Salary Equivalency Amounts and Standard Travel Allowances
For Non-Registered and Non-Certified Respiratory Therapists
(Full-Time, Regular Part-Time)¹

<u>State</u>	<u>Adjusted Hourly Salary Equivalency Amount</u>	<u>Standard Travel Allowance</u>
NEW MEXICO	\$ 8.90	\$4.45
NEW YORK	12.00	6.00
NORTH CAROLINA	11.20	5.60
NORTH DAKOTA	11.80	5.90
OHIO	11.00	5.50
OKLAHOMA	8.90	4.45
OREGON	12.00	6.00
PENNSYLVANIA	11.50	5.75
RHODE ISLAND	10.70	5.35
SOUTH CAROLINA	9.70	4.85
SOUTH DAKOTA	11.80	5.90
TENNESSEE	11.20	5.60
TEXAS	8.90	4.45
UTAH	11.80	5.90
VERMONT	10.70	5.35
VIRGINIA	11.20	5.60
WASHINGTON	10.70	5.35
WEST VIRGINIA	11.20	5.60
WISCONSIN	11.00	5.50
WYOMING	11.80	5.90

¹ A provider is considered to require services on a full-time or regular part-time basis if the total hours of service average 15 or more per week.

² Adjusted for 25 percent salary differential.

³ Adjusted for 15 percent salary differential.

EXHIBIT B-8

SCHEDULE OF GUIDELINES FOR RESPIRATORY THERAPY SERVICES
FURNISHED BY OUTSIDE SUPPLIERS

Adjusted Hourly Salary Equivalency Amounts and Standard Travel Allowances
(Full-Time, Regular Part-Time)

(The schedules of guidelines effective for respiratory therapy services furnished by outside suppliers on or after October 1, 1981, are determined by applying an update factor to the schedules of guidelines in Exhibits B-5, B-6, and B-7, for respiratory therapy services furnished by outside suppliers on or after October 1, 1980, and through September 30, 1981. The updated adjusted hourly salary equivalency amount is determined by increasing the adjusted hourly salary equivalency amount by 13.1 percent. The standard travel allowance is 50 percent of the updated adjusted hourly salary equivalency amount. The updated amounts are rounded to the nearest cent.)

Example: Registered Respiratory Therapist--Alabama

Adjusted Hourly Salary Equivalency Amount for Services Furnished On or After October 1, 1980 and Through September 30, 1981 (from Exhibit B-5)	\$12.60
Update Factor	<u>x 1.131</u>
Adjusted Hourly Salary Equivalency Amount for Services Furnished On or After October 1, 1981	\$14.25
Standard Travel Allowance For Services Furnished On or After October 1, 1981	\$7.13

Exhibit B-9

**SCHEDULE OF GUIDELINES FOR RESPIRATORY THERAPY SERVICES
(REGISTERED RESPIRATORY THERAPISTS)
FURNISHED BY OUTSIDE SUPPLIERS**

Adjusted Hourly Salary Equivalency Amounts and Standard Travel Allowances
For Registered Respiratory Therapists
(Full-Time and Regular Part-Time)¹

(This schedule is effective for services furnished on or after October 1, 1982. For a 12-month cost reporting period beginning on or after November 1, 1982, the published guideline amount will be adjusted upward by a factor equal to .6 percent for each lapsed month between October 1, 1982 and the beginning month of the provider's cost reporting period.² This schedule is not to be used for respiratory therapy aides or trainees.)

<u>State</u>	<u>Adjusted Hourly Salary Equivalency Amount</u>	<u>Standard Travel Allowance</u>
Alabama	\$17.05	\$ 8.53
Alaska	24.11	12.06
Arizona	19.29	9.65
Arkansas	17.05	8.53
California	19.29	9.65
Colorado	18.46	9.23
Connecticut	16.10	8.05
Delaware	16.90	8.45
District of Columbia	16.23	8.23
Florida	19.03	9.52
Georgia	16.04	8.02
Hawaii	23.15	11.58
Idaho	19.35	9.68
Illinois	16.87	8.44
Indiana	17.02	8.51
Iowa	16.61	8.31
Kansas	16.61	8.31
Kentucky	16.22	8.11
Louisiana	17.05	8.53
Maine	16.10	8.05
Maryland	16.22	8.11
Massachusetts	16.10	8.05
Michigan	17.00	8.50
Minnesota	16.61	8.31
Mississippi	17.05	8.53
Missouri	16.61	8.31
Montana	18.46	9.23
Nebraska	16.61	8.31
Nevada	19.29	9.65
New Hampshire	16.10	8.05
New Jersey	16.90	8.45

EXHIBIT B-9 (Cont.)

SCHEDULE OF GUIDELINES FOR RESPIRATORY THERAPY SERVICES
(REGISTERED RESPIRATORY THERAPISTS)
FURNISHED BY OUTSIDE SUPPLIERS

Adjusted Hourly Salary Equivalency Amounts and Standard Travel Allowances
For Registered Respiratory Therapists
(Full-Time and Regular Part-Time)¹

<u>State</u>	<u>Adjusted Hourly Salary Equivalency Amount</u>	<u>Standard Travel Allowance</u>
New Mexico	\$17.05	\$8.53
New York	16.90	8.45
North Carolina	16.22	8.11
North Dakota	18.46	9.23
Ohio	17.50	8.75
Oklahoma	17.05	8.53
Oregon	17.94	8.97
Pennsylvania	15.93	7.97
Rhode Island	16.10	8.05
South Carolina	17.05	8.53
South Dakota	18.46	9.23
Tennessee	16.22	8.11
Texas	17.05	8.53
Utah	18.46	9.23
Vermont	16.10	8.05
Virginia	16.22	8.11
Washington	19.29	9.65
West Virginia	16.22	8.11
Wisconsin	17.15	8.58
Wyoming	18.46	9.23

¹ A provider is considered to require services on a full-time or regular part-time basis if the total hours of service average 15 or more per week.

² For providers with other than a 12-month cost reporting period, the contractor will contact CMS for the adjustment factor.

EXHIBIT B-10

**SCHEDULE OF GUIDELINES FOR RESPIRATORY THERAPY SERVICES
(CERTIFIED RESPIRATORY THERAPISTS)
FURNISHED BY OUTSIDE SUPPLIERS**

Adjusted Hourly Salary Equivalency Amounts and Standard Travel Allowances
For Certified Respiratory Therapists
(Full-Time, Regular Part-Time)¹

(This schedule is effective for services furnished on or after October 1, 1982. For a 12-month cost reporting period beginning on or after November 1, 1982, the published guideline amount will be adjusted upward by a factor equal to .6 percent for each lapsed month between October 1, 1982, and the beginning month of the provider's cost reporting period.² This schedule is not to be used for respiratory therapy aides or trainees.)

<u>State</u>	<u>Adjusted Hourly Salary Equivalency Amount</u>	<u>Standard Travel Allowance</u>
Alabama	\$14.55	\$ 7.28
Alaska	22.24	11.12
Arizona	17.79	8.90
Arkansas	14.45	7.23
California	17.79	8.90
Colorado	16.29	8.15
Connecticut	15.81	7.91
Delaware	17.27	8.64
District of Columbia	15.72	7.86
Florida	14.55	7.28
Georgia	14.06	7.03
Hawaii	21.35	10.68
Idaho	16.16	8.08
Illinois	15.36	7.68
Indiana	15.50	7.75
Iowa	14.86	7.43
Kansas	14.86	7.43
Kentucky	15.39	7.70
Louisiana	14.45	7.23
Maine	15.81	7.91
Maryland	14.90	7.45
Massachusetts	15.81	7.91
Michigan	15.44	7.72
Minnesota	14.86	7.43
Mississippi	14.55	7.28
Missouri	14.86	7.43
Montana	16.29	8.15
Nebraska	14.86	7.43
Nevada	17.79	8.90
New Hampshire	15.81	7.91
New Jersey	17.27	8.64

EXHIBIT B-10 (Cont.)

SCHEDULE OF GUIDELINES FOR RESPIRATORY THERAPY SERVICES
(CERTIFIED RESPIRATORY THERAPISTS)
FURNISHED BY OUTSIDE SUPPLIERS

Adjusted Hourly Salary Equivalency Amounts and Standard Travel Allowances
For Certified Respiratory Therapists
(Full-Time, Regular Part-Time)¹

<u>State</u>	<u>Adjusted Hourly Salary Equivalency Amount</u>	<u>Standard Travel Allowance</u>
New Mexico	\$14.45	\$7.23
New York	18.40	9.20
North Carolina	15.39	7.70
North Dakota	16.29	8.15
Ohio	15.81	7.91
Oklahoma	14.45	7.23
Oregon	16.04	8.02
Pennsylvania	14.66	7.33
Rhode Island	15.81	7.91
South Carolina	14.55	7.28
South Dakota	16.29	8.15
Tennessee	15.39	7.70
Texas	14.45	7.23
Utah	16.29	8.15
Vermont	15.81	7.91
Virginia	15.39	7.70
Washington	16.35	8.18
West Virginia	15.39	7.70
Wisconsin	15.84	7.92
Wyoming	16.29	8.15

¹ A provider is considered to require services on a full-time or regular part-time basis if the total hours of service average 15 or more per week.

² For providers with other than a 12-month cost reporting period, the contractor will contact CMS for the adjustment factor.

EXHIBIT B-11

SCHEDULE OF GUIDELINES FOR RESPIRATORY THERAPY SERVICES
(NON-REGISTERED AND NON-CERTIFIED RESPIRATORY THERAPISTS)
FURNISHED BY OUTSIDE SUPPLIERS

Adjusted Hourly Salary Equivalency Amounts and Standard Travel Allowances
For Non-Registered and Non-Certified Respiratory Therapists
(Full-Time, Regular Part-Time)¹

(This schedule is effective for services furnished on or after October 1, 1982. For a 12-month cost reporting period beginning on or after November 1, 1982, the published guideline amount will be adjusted upward by a factor equal to .6 percent for each lapsed month between October 1, 1982, and the beginning month of the provider's cost reporting period.² This schedule is not to be used for respiratory therapy aides or trainees.)

<u>State</u>	<u>Adjusted Hourly Salary Equivalency Amount</u>	<u>Standard Travel Allowance</u>
Alabama	\$12.27	\$ 6.14
Alaska	22.70	11.35
Arizona	18.16	9.08
Arkansas	11.67	5.84
California	18.16	9.08
Colorado	14.89	7.45
Connecticut	13.58	6.79
Delaware	15.28	7.64
District of Columbia	14.10	7.05
Florida	11.93	5.97
Georgia	13.67	6.84
Hawaii	21.79	10.90
Idaho	15.55	7.78
Illinois	14.88	7.44
Indiana	14.47	7.24
Iowa	12.83	6.42
Kansas	12.83	6.42
Kentucky	13.56	6.78
Louisiana	11.67	5.84
Maine	13.58	6.79
Maryland	12.91	6.46
Massachusetts	13.58	6.79
Michigan	13.83	6.92
Minnesota	12.83	6.42
Mississippi	12.27	6.14
Missouri	12.95	6.48
Montana	14.89	7.45
Nebraska	12.83	6.42
Nevada	18.16	9.08
New Hampshire	13.58	6.79
New Jersey	15.28	7.64
New Mexico	11.67	5.84

EXHIBIT B-11 (Cont.)

SCHEDULE OF GUIDELINES FOR RESPIRATORY THERAPY SERVICES
(NON-REGISTERED AND NON-CERTIFIED RESPIRATORY THERAPISTS)
FURNISHED BY OUTSIDE SUPPLIERS

Adjusted Hourly Salary Equivalency Amounts and Standard Travel Allowances
For Non-Registered and Non-Certified Respiratory Therapists
(Full-Time, Regular Part-Time)¹

<u>State</u>	<u>Adjusted Hourly Salary Equivalency Amount</u>	<u>Standard Travel Allowance</u>
New York	\$16.23	\$8.12
North Carolina	13.56	6.78
North Dakota	14.89	7.45
Ohio	14.00	7.00
Oklahoma	11.67	5.84
Oregon	15.55	7.78
Pennsylvania	14.22	7.11
Rhode Island	13.58	6.79
South Carolina	12.27	6.14
South Dakota	14.89	7.45
Tennessee	13.56	6.78
Texas	11.67	5.84
Utah	14.89	7.45
Vermont	13.58	6.79
Virginia	13.56	6.78
Washington	15.55	7.78
West Virginia	13.56	6.78
Wisconsin	14.15	7.08
Wyoming	14.89	7.45

¹ A provider is considered to require services on a full-time or regular part-time basis if the total hours of service average 15 or more per week.

² For providers with other than a 12-month cost reporting period, the contractor will contact CMS for the adjustment factor.

Exhibit C-1

SCHEDULE OF GUIDELINES FOR PHYSICAL, RESPIRATORY, AND
OCCUPATIONAL THERAPY AND SPEECH-LANGUAGE PATHOLOGY SERVICES
FURNISHED BY OUTSIDE SUPPLIERS

Adjusted Hourly Salary Equivalency Amounts By Locality
For Physical Therapists (PT), Occupational Therapists (OT),
Speech-Language Pathologists (SLP) and Respiratory Therapists (RT)
(Full-Time, Regular Part-Time)¹

(This schedule is effective for services furnished on or after April 10, 1998. For a 12 month cost reporting period beginning on or after May 1, 1998, the published guideline amount will be adjusted by factors contained in Exhibit C-2.² The standard travel allowance is one-half of the adjusted hourly salary equivalency amount.)

<u>Locality Name</u>	<u>PT</u>	<u>OT</u>	<u>SLP</u>	<u>RT</u>
ALABAMA	48.19	45.66	43.86	37.77
ALASKA	55.85	53.06	51.09	44.40
ARIZONA	50.46	47.86	46.02	39.77
ARKANSAS	46.32	43.88	42.16	36.31
ANAHEIM/SANTA ANA, CA	54.06	51.41	49.53	43.16
LOS ANGELES, CA	54.83	52.13	50.22	43.73
MARIN/NAPA/SOLANA, CA	52.67	50.08	48.26	42.04
OAKLAND/BERKELEY, CA	54.05	51.40	49.53	43.16
SAN FRANCISCO, CA	56.35	53.64	51.72	45.20
SAN MATEO, CA	55.27	52.61	50.73	44.33
SANTA CLARA, CA	55.70	53.00	51.09	44.60
VENTURA, CA	53.16	50.53	48.67	42.37
REST OF CALIFORNIA	51.02	48.43	46.61	40.40
COLORADO	49.45	46.91	45.11	38.99
CONNECTICUT	54.71	52.00	50.09	43.58
DELAWARE	51.49	48.86	47.01	40.70
DC + MD/VA SUBURBS	54.65	51.94	50.03	43.53
FORT LAUDERDALE, FL	52.16	49.51	47.65	41.30
MIAMI, FL	54.35	51.61	49.68	43.12

Exhibit C-1 (Cont.)

SCHEDULE OF GUIDELINES FOR PHYSICAL, RESPIRATORY, AND
OCCUPATIONAL THERAPY AND SPEECH-LANGUAGE PATHOLOGY SERVICES
FURNISHED BY OUTSIDE SUPPLIERS

Adjusted Hourly Salary Equivalency Amounts By Locality
For Physical Therapists (PT), Occupational Therapists (OT),
Speech-Language Pathologists (SLP) and Respiratory Therapists (RT)
(Full-Time, Regular Part-Time)¹

<u>Locality Name</u>	<u>PT</u>	<u>OT</u>	<u>SLP</u>	<u>RT</u>
REST OF FLORIDA	49.68	47.12	45.31	39.16
ATLANTA, GA	51.18	48.58	46.74	40.50
REST OF GEORGIA	48.23	45.71	43.93	37.89
HAWAII/GUAM	52.91	50.34	48.52	42.36
IDAHO	47.22	44.75	43.01	37.09
CHICAGO, IL	53.50	50.81	48.90	42.42
EAST ST. LOUIS, IL	49.90	47.31	45.48	39.25
SUBURBAN CHICAGO, IL	52.25	49.63	47.78	41.48
REST OF ILLINOIS	47.81	45.31	43.54	37.54
INDIANA	48.06	45.56	43.79	37.78
IOWA	47.19	44.72	42.98	37.06
KANSAS*	48.13	45.62	43.85	37.82
KENTUCKY	47.76	45.25	43.48	37.45
NEW ORLEANS, LA	50.11	47.52	45.68	39.44
REST OF LOUISIANA	47.99	45.47	43.69	37.64
SOUTHERN MAINE	49.88	47.36	45.59	39.55
REST OF MAINE	47.94	45.46	43.72	37.77
BALTIMORE/SURR. CNTYS, MD	52.01	49.36	47.49	41.13
REST OF MARYLAND	49.48	46.94	45.14	39.04
METROPOLITAN BOSTON	54.33	51.67	49.78	43.38
REST OF MASSACHUSETTS	51.88	49.28	47.44	41.20
DETROIT, MI	55.74	52.88	50.86	43.99

Exhibit C-1 (Cont.)

SCHEDULE OF GUIDELINES FOR PHYSICAL, RESPIRATORY, AND
OCCUPATIONAL THERAPY AND SPEECH-LANGUAGE PATHOLOGY SERVICES
FURNISHED BY OUTSIDE SUPPLIERS

Adjusted Hourly Salary Equivalency Amounts By Locality
For Physical Therapists (PT), Occupational Therapists (OT),
Speech-Language Pathologists (SLP) and Respiratory Therapists (RT)
(Full-Time, Regular Part-Time)¹

<u>Locality Name</u>	<u>PT</u>	<u>OT</u>	<u>SLP</u>	<u>RT</u>
REST OF MICHIGAN	51.06	48.41	46.54	40.17
MINNESOTA	49.19	46.66	44.87	38.79
MISSISSIPPI	46.79	44.33	42.58	36.65
METROPOLITAN KANSAS CITY, MO	49.94	47.36	45.54	39.34
METROPOLITAN ST. LOUIS, MO	50.11	47.51	45.68	39.44
REST OF MISSOURI*	46.88	44.41	42.66	36.71
REST OF STATE*	46.88	44.41	42.66	36.71
MONTANA	46.95	44.49	42.75	36.86
NEBRASKA	46.44	44.01	42.30	36.47
NEVADA	51.14	48.54	46.71	40.46
NEW HAMPSHIRE	50.55	48.00	46.19	40.06
NORTHERN NJ	54.88	52.17	50.26	43.76
REST OF NEW JERSEY	52.63	49.99	48.12	41.78
NEW MEXICO	48.21	45.70	43.92	37.89
MANHATTAN, NY	59.28	56.42	54.41	47.56
NYC SUBURBS/LONG I., NY	57.24	54.42	52.44	45.68
POUGHKPSIE/N NYC SUBURBS, NY	52.45	49.82	47.96	41.64
QUEENS, NY	56.77	53.99	52.03	45.35
REST OF NEW YORK	49.85	47.27	45.45	39.26
NORTH CAROLINA	47.82	45.34	43.59	37.64
NORTH DAKOTA	46.72	44.28	42.55	36.68
OHIO	49.70	47.12	45.30	39.12

Exhibit C-1 (Cont.)

SCHEDULE OF GUIDELINES FOR PHYSICAL, RESPIRATORY, AND
OCCUPATIONAL THERAPY AND SPEECH-LANGUAGE PATHOLOGY SERVICES
FURNISHED BY OUTSIDE SUPPLIERS

Adjusted Hourly Salary Equivalency Amounts By Locality
For Physical Therapists (PT), Occupational Therapists (OT),
Speech-Language Pathologists (SLP) and Respiratory Therapists (RT)
(Full-Time, Regular Part-Time)¹

<u>Locality Name</u>	<u>PT</u>	<u>OT</u>	<u>SLP</u>	<u>RT</u>
OKLAHOMA	47.23	44.76	43.01	37.06
PORTLAND, OR	50.08	47.53	45.72	39.60
REST OF OREGON	47.86	45.40	43.65	37.73
METROPOLITAN PHILADELPHIA, PA	53.04	50.37	48.49	42.08
REST OF PENNSYLVANIA	48.95	46.41	44.61	38.49
PUERTO RICO	42.10	39.84	38.25	32.84
RHODE ISLAND	52.79	50.12	48.24	41.85
SOUTH CAROLINA	47.56	45.08	43.33	37.37
SOUTH DAKOTA	45.81	43.42	41.73	35.99
TENNESSEE	47.86	45.36	43.59	37.59
AUSTIN, TX	49.84	47.29	45.49	39.38
BEAUMONT, TX	49.78	47.17	45.32	39.05
BRAZORIA, TX	50.68	48.07	46.23	39.97
DALLAS, TX	51.09	48.48	46.64	40.37
FORT WORTH, TX	49.74	47.18	45.38	39.24
GALVESTON, TX	50.48	47.88	46.05	39.82
HOUSTON, TX	52.15	49.47	47.58	41.15
REST OF TEXAS	47.79	45.29	43.52	37.52
UTAH	48.07	45.56	43.78	37.75
VERMONT	48.75	46.27	44.51	38.55
VIRGIN ISLANDS	49.49	46.99	45.22	39.21
VIRGINIA	48.72	46.19	44.41	38.35

Exhibit C-1 (Cont.)

SCHEDULE OF GUIDELINES FOR PHYSICAL, RESPIRATORY, AND
 OCCUPATIONAL THERAPY AND SPEECH-LANGUAGE PATHOLOGY SERVICES
 FURNISHED BY OUTSIDE SUPPLIERS

Adjusted Hourly Salary Equivalency Amounts By Locality
For Physical Therapists (PT), Occupational Therapists (OT),
Speech-Language Pathologists (SLP) and Respiratory Therapists (RT)
(Full-Time, Regular Part-Time)¹

<u>Locality Name</u>	<u>PT</u>	<u>OT</u>	<u>SLP</u>	<u>RT</u>
SEATTLE (KING CNTY), WA	51.42	48.84	47.02	40.82
REST OF WASHINGTON	49.26	46.73	44.95	38.87
WEST VIRGINIA	47.64	45.13	43.35	37.32
WISCONSIN	49.15	46.60	44.80	38.68
WYOMING	47.76	45.27	43.50	37.51

¹ A provider is considered to require services on a full-time or regular part-time basis if the total hours of service average 15 or more per week.

² For providers with other than a 12 month cost reporting period, the contractor will contact CMS for the adjustment factor.

Exhibit C-2

Adjusted Hourly Salary Equivalency Amount Monthly Inflation Factors¹

<u>Salary Equivalency Period</u>		<u>Period Inflation</u>
<u>Month</u>	<u>Year</u>	<u>Factor</u>
1 April	1998	1.00000
2 May	1998	1.00274
3 June	1998	1.00549
4 July	1998	1.00825
5 August	1998	1.01101
6 September	1998	1.01379
7 October	1998	1.01656
8 November	1998	1.01935
9 December	1998	1.02215
10 January	1999	1.02495
11 February	1999	1.02776
12 March	1999	1.03058
13 April	1999	1.03340
14 May	1999	1.03624
15 June	1999	1.03908
16 July	1999	1.04193
17 August	1999	1.04479
18 September	1999	1.04765
19 October	1999	1.05052
20 November	1999	1.05340
21 December	1999	1.05629
22 January	2000	1.05919
23 February	2000	1.06209
24 March	2000	1.06500
25 April	2000	1.06792
26 May	2000	1.07085
27 June	2000	1.07379
28 July	2000	1.07673
29 August	2000	1.07969
30 September	2000	1.08265
31 October	2000	1.08561
32 November	2000	1.08859
33 December	2000	1.09158
35 February	2001	1.09757
36 March	2001	1.10058

¹ These monthly inflation factors will be applied to the published April 10, 1998, physical therapy, respiratory therapy, occupational and speech-language pathology at the start of the provider's next cost reporting period and will remain in effect for the entire cost reporting period.

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Exhibit C-3
Adjusted Hourly Salary Equivalency Amount Monthly Inflation Factors
For Critical Access Hospitals (CAH) and CAHs With Swing Beds¹

<u>Month-Year</u>	<u>Factor</u>	<u>Month-Year</u>	<u>Factor</u>
Apr-2001	1.10935	Jan-2004	1.22150
May-2001	1.11250	Feb-2004	1.22554
Jun-2001	1.11606	Mar-2004	1.22772
Jul-2001	1.11963	Apr-2004	1.22991
Aug-2001	1.12321	May-2004	1.23209
Sep-2001	1.12655	Jun-2004	1.23707
Oct-2001	1.12991	Jul-2004	1.24206
Nov-2001	1.13327	Aug-2004	1.24707
Dec-2001	1.13672	Sep-2004	1.24923
Jan-2002	1.14019	Oct-2004	1.25140
Feb-2002	1.14366	Nov-2004	1.25358
Mar-2002	1.14659	Dec-2004	1.25809
Apr-2002	1.14953	Jan-2005	1.26262
May-2002	1.15248	Feb-2005	1.26716
Jun-2002	1.15661	Mar-2005	1.26956
Jul-2002	1.16075	Apr-2005	1.27196
Aug-2002	1.16490	May-2005	1.27437
Sep-2002	1.16796	Jun-2005	1.27970
Oct-2002	1.17103	Jul-2005	1.28505
Nov-2002	1.17410	Aug-2005	1.29042
Dec-2002	1.17770	Sep-2005	1.29334
Jan-2003	1.18131	Oct-2005	1.29626
Feb-2003	1.18493	Nov-2005	1.29919
Mar-2003	1.18732	Dec-2005	1.30333
Apr-2003	1.18972	Jan-2006	1.30748
May-2003	1.19212	Feb-2006	1.31164
Jun-2003	1.19699	Mar-2006	1.31423
Jul-2003	1.20187	Apr-2006	1.31682
Aug-2003	1.20677	May-2006	1.31942
Sep-2003	1.20899	Jun-2006	1.32419
Oct-2003	1.21121	Jul-2006	1.32897
Nov-2003	1.21344	Aug-2006	1.33377
Dec-2003	1.21746	Sep-2006	1.33698

Exhibit C-3 (Cont.)

Adjusted Hourly Salary Equivalency Amount Monthly Inflation Factors
For Critical Access Hospitals (CAH) and CAHs With Swing Beds¹

<u>Month-Year</u>	<u>Factor</u>	<u>Month-Year</u>	<u>Factor</u>
Oct-2006	1.34019	Oct-2009	1.48411
Nov-2006	1.34341	Nov-2009	1.48666
Dec-2006	1.34786	Dec-2009	1.49238
Jan-2007	1.35234	Jan-2010	1.49813
Feb-2007	1.35682	Feb-2010	1.50390
Mar-2007	1.35925	Mar-2010	1.50662
Apr-2007	1.36168	Apr-2010	1.50935
May-2007	1.36412	May-2010	1.51208
Jun-2007	1.36943	Jun-2010	1.51817
Jul-2007	1.37477	Jul-2010	1.52430
Aug-2007	1.38012	Aug-2010	1.53045
Sep-2007	1.38351	Sep-2010	1.53391
Oct-2007	1.38692	Oct-2010	1.53738
Nov-2007	1.39033	Nov-2010	1.54086
Dec-2007	1.39469	Dec-2010	1.50040
Jan-2008	1.39907	Jan-2011	1.50539
Feb-2008	1.40346	Feb-2011	1.51039
Mar-2008	1.40640	Mar-2011	1.51127
Apr-2008	1.40935	Apr-2011	1.51215
May-2008	1.41230	May-2011	1.51303
Jun-2008	1.41736	Jun-2011	1.51563
Jul-2008	1.42243	Jul-2011	1.51824
Aug-2008	1.42752	Aug-2011	1.52085
Sep-2008	1.43105	Sep-2011	1.52163
Oct-2008	1.43458	Oct-2011	1.52240
Nov-2008	1.43812	Nov-2011	1.52317
Dec-2008	1.44288	Dec-2011	1.52818
Jan-2009	1.44766	Jan-2012	1.53320
Feb-2009	1.45246	Feb-2012	1.53824
Mar-2009	1.45520	Mar-2012	1.54126
Apr-2009	1.45794	Apr-2012	1.54428
May-2009	1.46069	May-2012	1.54731
Jun-2009	1.46678	Jun-2012	1.55159
Jul-2009	1.47290	Jul-2012	1.55589
Aug-2009	1.47904	Aug-2012	1.56019
Sep-2009	1.48157	Sep-2012	1.56361

Exhibit C-3 (Cont.)

Adjusted Hourly Salary Equivalency Amount Monthly Inflation Factors
For Critical Access Hospitals (CAH) and CAHs With Swing Beds¹

<u>Month-Year</u>	<u>Factor</u>	<u>Month-Year</u>	<u>Factor</u>
Oct-2012	1.56704	Oct-2015	1.65101
Nov-2012	1.57047	Nov-2015	1.65252
Dec-2012	1.57546	Dec-2015	1.65956
Jan-2013	1.58045	Jan-2016	1.66662
Feb-2013	1.58547	Feb-2016	1.67372
Mar-2013	1.58832	Mar-2016	1.67560
Apr-2013	1.59117	Apr-2016	1.67748
May-2013	1.59403	May-2016	1.67937
Jun-2013	1.59862	Jun-2016	1.68503
Jul-2013	1.60321	Jul-2016	1.69071
Aug-2013	1.60783	Aug-2016	1.69641
Sep-2013	1.61034	Sep-2016	1.69819
Oct-2013	1.58027	Oct-2016	1.67404
Nov-2013	1.58099	Nov-2016	1.67575
Dec-2013	1.58662	Dec-2016	1.68094
Jan-2014	1.59227	Jan-2017	1.68615
Feb-2014	1.59793	Feb-2017	1.69138
Mar-2014	1.59986	Mar-2017	1.69375
Apr-2014	1.60179	Apr-2017	1.69612
May-2014	1.60372	May-2017	1.69850
Jun-2014	1.60850	Jun-2017	1.70094
Jul-2014	1.61331	Jul-2017	1.70340
Aug-2014	1.61812	Aug-2017	1.70585
Sep-2014	1.61896	Sep-2017	1.70849
Oct-2014	1.61979	Oct-2017	1.71114
Nov-2014	1.62063	Nov-2017	1.71379
Dec-2014	1.62721	Dec-2017	1.71917
Jan-2015	1.63381	Jan-2018	1.72457
Feb-2015	1.64044	Feb-2018	1.72998
Mar-2015	1.64206	Mar-2018	1.73264
Apr-2015	1.64368	Apr-2018	1.73531
May-2015	1.64530	May-2018	1.73798
Jun-2015	1.65104	Jun-2018	1.74120
Jul-2015	1.65681	Jul-2018	1.74444
Aug-2015	1.66259	Aug-2018	1.74768
Sep-2015	1.66425	Sep-2018	1.75118

Exhibit C-3 (Cont.)

Adjusted Hourly Salary Equivalency Amount Monthly Inflation Factors
For Critical Access Hospitals (CAH) and CAHs With Swing Beds¹

<u>Month-Year</u>	<u>Factor</u>	<u>Month-Year</u>	<u>Factor</u>
Oct-2018	1.75469		
Nov-2018	1.75821		
Dec-2018	1.76274		
Jan-2019	1.76728		
Feb-2019	1.77183		
Mar-2019	1.77492		
Apr-2019	1.77801		
May-2019	1.78111		
Jun-2019	1.78500		
Jul-2019	1.78890		
Aug-2019	1.79281		
Sep-2019	1.79494		
Oct-2019	1.79708		
Nov-2019	1.79922		
Dec-2019	1.80624		

¹ These monthly inflation factors are applied to the published April 10, 1998, physical therapy, respiratory therapy, occupational and speech-language pathology guideline amounts at the start of the provider's next cost reporting period and will remain in effect for the entire cost reporting period.