

MEDICARE GEOGRAPHIC CLASSIFICATION REVIEW BOARD

2009 INDIVIDUAL HOSPITAL APPLICATION AND INSTRUCTIONS FOR GEOGRAPHIC RECLASSIFICATION EFFECTIVE FEDERAL FISCAL YEARS 2011 THROUGH 2013

INTRODUCTION

This package contains the individual hospital application and instructions for completing the application that hospitals will need to apply for geographic reclassification in 2009 under the Medicare Hospital Inpatient Prospective Payment System (IPPS). Completed applications are due to the Medicare Geographic Classification Review Board (Board) office no later than **5:00 p.m. EDT, September 1, 2009**. Reclassifications granted by the Board for the Wage Index will be effective for a 3-year period, Federal Fiscal Years (FFYs) 2011 through 2013 (October 1, 2010 through September 30, 2013).

Hospitals requesting reclassification must complete this application and furnish all available supporting documentation by September 1, 2009. Hospitals should read the instructions carefully. Failure to submit appropriate or complete information as explained in the instructions may result in a delayed review or dismissal by the Board.

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

The individual, group, and Statewide wage index applications and instructions will be available via the Internet at http://cms.hhs.gov/MGCRB/02_instructions_and_applications.asp. To request an individual, group, or Statewide wage index application, or for questions, hospitals should call (410) 786-1174.

PLEASE NOTE: These instructions and corresponding application are being printed and distributed before the Final Hospital IPPS Rule is issued. The Final IPPS Rule should be published in the Federal Register by mid-August 2009. (The Final IPPS Rule should also be on display approximately 2 weeks prior to the publication date on the CMS Internet website at <http://cms.hhs.gov/center/hospital.asp>.) Applications and instructions have been developed based on current regulatory criteria regarding hospital redesignation as well as changes and clarifications discussed in the Proposed Hospital IPPS Rule that was published in the Federal Register (74 Fed. Reg. 24080) on May 22, 2009. Applicants are encouraged to review the Final Hospital IPPS Rule prior to filing an application as the Board will utilize the Final Hospital IPPS Rule, rather than the Proposed Rule, in making decisions on hospital reclassification applications. The Board will be unable to issue further instructions prior to the date by which hospitals must submit an application for geographic reclassification (September 1, 2009).

INSTRUCTIONS

GENERAL

A hospital that wants to be reclassified from a rural area to an urban area, from a rural area to another rural area, or from an urban area to another urban area, must file a completed application with the Board. The Board can reclassify an individual hospital only for the purpose of using the requested area's wage index, i.e., the Board cannot reclassify an individual hospital for the Standardized Amount. Reclassifications granted by the Board for the Wage Index will be effective for a 3-year period, FFYs 2011 through 2013 (October 1, 2010 through September 30, 2013).

In accordance with Federal regulations at 42 C.F.R. § 412.230(a)(5)(iv), the Board cannot approve an individual hospital's application for the Wage Index for the period FFY 2011 through FFY 2013 if the hospital is already approved for the Wage Index for FFY 2011 to that same geographic area through a prior 3-year wage index reclassification. The Board, however, can approve a hospital's Wage Index reclassification request for the period FFY 2011 through FFY 2013 if the hospital's request is to a different geographic area than the area to which it is currently reclassified for FFY 2011 under a prior 3-year wage index reclassification. Please note that the hospital's request would have to meet all applicable qualifying criteria and conditions for redesignation.

The Centers for Medicare & Medicaid Services (CMS) defines hospital labor market areas based on the Core Based Statistical Areas (CBSAs) established by the Office of Management and Budget (OMB) and announced in December 2003 (69 FR 49027). OMB standards designate two categories of CBSAs, Metropolitan Statistical Areas (MSAs) and Micropolitan Statistical Areas (Micropolitan Areas). MSAs are based on urbanized areas with a population of 50,000 or more and Micropolitan Areas are based on urban clusters with a population of at least 10,000 but less than 50,000. Counties that do not fall within CBSAs are deemed "Outside CBSAs."

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

For application purposes, hospitals applying for wage index value reclassification for the period FFY 2011 through FFY 2013 should use the rural and urban area names and identification codes at http://cms.hhs.gov/MGCRB/02_instructions_and_applications.asp. The Board will treat hospitals in MSAs and Metropolitan Divisions as “urban hospitals” and hospitals in Micropolitan Areas and outside CBSAs as “rural hospitals” for application purposes. Hospitals located in rural counties redesignated as urban under 1886(d)(8)(B) of the Social Security Act (“Lugar” hospitals), as well as hospitals in two of the five New England counties “deemed” urban under the Social Security Amendments of 1983, i.e., Litchfield County, Connecticut, and Merrimack County, New Hampshire, although “deemed” urban to designated CBSAs themselves, are treated as “rural hospitals.”

The Board ordinarily issues an on-the-record decision. However, the Board may hold an oral hearing on its own motion or if the applicant hospital demonstrates, to the Board’s satisfaction, that an oral hearing is necessary. The Board will issue all of its decisions no later than 180 days after the deadline for receipt of the applications. The deadline for receipt of the applications is September 1, 2009.

THE APPLICATION

Hospitals applying for reclassification as an individual hospital for the wage index value must complete the 2009 individual hospital application. Submission of inappropriate documentation will delay Board review. If hospitals do not use the individual hospital application or if they fail to provide the required information, the Board may dismiss their request for reclassification.

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

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

FILING AN APPLICATION

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

The Board must receive all application packages by **5:00 p.m. EDT, September 1, 2009**. The Board will dismiss a hospital's request for reclassification if it does not receive the completed application by this deadline. The Board may, for good cause and at the request of the hospital, grant a hospital that has submitted an application by September 1 an extension beyond this date to complete the application.

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

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

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

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

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

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

WITHDRAWALS AND TERMINATIONS

The following discussion of withdrawals and terminations is intended to address reclassifications granted by the Board for the period covered in this application, i.e., FFY 2011 through FFY 2013. For FFY 2011 applications and reclassifications, the criteria for hospitals seeking to withdraw an application, to withdraw or terminate an approved 3-year wage index reclassification, and to cancel a previous withdrawal or termination are contained in 42 CFR § 412.273.

Additional explanatory information regarding withdrawals, terminations, and the cancellation of a withdrawal or termination can be found in the Final Hospital IPPS Rule for FFY 2002, FFY 2003, FFY 2008, and FFY 2009 (see Federal Registers of August 1, 2001 (66 Fed. Reg. 39887-39888), August 1, 2002 (67 Fed. Reg. 50065–50066), August 22, 2007 (72 Fed. Reg. 47332-47334), and August 19, 2008 (73 Fed. Reg. 48586)).

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

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

A hospital which either withdraws or terminates an approved 3-year wage index reclassification may also be able to cancel its withdrawal or termination in order to have any remaining years of its 3-year wage index value reclassification reinstated. Requests to cancel a withdrawal or a termination in order to reinstate the remaining year(s) of the 3-year period must be received by the Board by the due date for the receipt of hospital applications for reclassification for the applicable Federal fiscal year.

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

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

MEDICARE GEOGRAPHIC CLASSIFICATION REVIEW BOARD

**2009 INDIVIDUAL HOSPITAL APPLICATION FOR
GEOGRAPHIC RECLASSIFICATION
EFFECTIVE FEDERAL FISCAL YEARS 2011 THROUGH 2013**

**INSTRUCTIONS FOR COMPLETING
THE APPLICATION**

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

The hospital, or its representative, must send the completed application, including all supporting documentation, so that the Board receives it by **5:00 p.m. EDT, September 1, 2009**. If the hospital (or its representative) fails to comply with this deadline, the Board will dismiss the hospital's request for reclassification. The Board does not accept applications submitted through the facsimile process or by other electronic means.

It is imperative that the hospital read these instructions before it fills in the application. Also, inasmuch as the Final Hospital IPPS Rule could alter the provisions and information contained in the Proposed Hospital IPPS Rule of May 22, 2009 (74 Fed. Reg. 24080), it is highly recommended that the hospital review the Final Hospital IPPS Rule before completing and submitting an application. Tab 2 (Calculations) at the end of these instructions provides examples of computations for the wage index reclassification criteria.

INSTRUCTIONS

I. HOSPITAL INFORMATION

1. Self-explanatory.
2. Self-explanatory.
3. Self-explanatory.
4. Self-explanatory.

5. The hospital must indicate the mailing address, e-mail address, and telephone number of the person the Board should use for all correspondence and questions about the application. The hospital is also responsible for keeping the Board apprised of any changes in contact information, including representative, postal address, telephone number and e-mail address. Changes must be made in writing. The Board will not accept changes electronically or through the facsimile process.

II. RECLASSIFICATION REQUEST

6. The hospital should circle 6.A. or 6.B. to show the wage index value criteria category under which it is applying for wage index value reclassification.

For FFY 2011 redesignation (as set forth in 42 CFR §§ 412.230(d)(1)(iii)(C) and (d)(1)(iv)(E)), a rural hospital's average hourly wage must be at least 106 percent of the average hourly wage of all other hospitals in the area in which the hospital is located and 86 percent of the average hourly wage of hospitals in the area to which it seeks redesignation. For an urban hospital, the hospital's average hourly wage must be at least 108 percent of the average hourly wage of all other hospitals in the area in which the hospital is located and 88 percent of the average hourly wage of hospitals in the area to which it seeks redesignation.

A hospital that was ever a rural referral center (RRC) does not have to demonstrate that it meets the 106 (rural)/108(urban) percent threshold relating to the area in which the hospital is located and will be required to meet the 86 percent threshold (not the 88 percent threshold) of the average hourly wage of hospitals in the area to which it seeks redesignation, even if it is an urban hospital.

7. A rural hospital should enter the name of the State where it is located and the name of the State or urban labor market area that it is applying to in order to complete this entry. An urban hospital should enter the name of the urban labor market area in which it is located and the name of the urban labor market area to which it is requesting reclassification. The hospital should also include the identification numbers for these areas. Rural and urban area names and identification codes can be found at http://cms.hhs.gov/MGCRB/02_instructions_and_applications.asp.

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

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

III. GENERAL INFORMATION

8. If the hospital is already reclassified for the wage index value for FFY 2011 as part of a 3-year wage index reclassification it should check “Yes” in 8.A. and enter the name and identification number of the State or urban area which it is reclassified to for FFY 2011 in item 8.B.
9. If the hospital withdrew or terminated a 3-year reclassification for the wage index value which included FFY 2011 as one of the 3-years, it should check “Yes” to 9.A. If the hospital applied to cancel the Board approved withdrawal or termination that is associated with question 9.A., it should check “Yes” to 9.B.
10. Self-explanatory.
11. If the hospital is also part of a group application, it should check “Yes” in 11.A. and enter the name of the County in which the group is located in 11.B. If the hospital is also a part of a Statewide Wage Index Area application, it should check “Yes” in 11.C. A hospital may apply both individually and as a member of a group and/or a Statewide Wage Index Area application. The Board expects to rule on any Statewide Wage Index Area application first and then the Group application before it reviews any individual requests. Statewide Wage Index Area and Group instructions can be obtained by calling (410) 786-1174 or via the Internet at http://cms.hhs.gov/MGCRB/02_instructions_and_applications.asp.
12. Section 401 of Public Law 106-113 amended Section 1886(d)(8) of the Social Security Act by adding paragraph E, which created a mechanism, separate and apart from the MGCRB, permitting hospitals located in urban areas to apply to be treated as being located in the rural area of the state in which the hospital is located (see 42 CFR § 412.103). Hospitals that are reclassified as rural under Section 1886(d)(8)(E) are not permitted to receive an additional reclassification by the MGCRB for a year in which the acquired rural redesignation is in effect (see 42 CFR § 412.230(a)(5)(iii)).

For 12.A., the hospital must indicate whether it had ever applied for, and been approved for, urban-to-rural reclassification by the CMS regional office under 42 CFR § 412.103. For 12.B., if the hospital is currently redesignated as rural by the CMS regional office under 42 CFR § 412.103, check “Yes” and provide a copy of the CMS regional office approval letter at **Attachment A-1**. For 12.C., if the hospital, at the time of applying to the MGCRB, has written notice from the CMS regional office demonstrating that its rural redesignation will cancel prior to October 1, 2010, check “Yes” and provide a copy of the CMS letter approving the cancellation of the rural redesignation at **Attachment A-2**. For 12.D., if the hospital has an application for rural reclassification under 42 CFR § 412.103 pending with the CMS regional office, check “Yes” and provide a copy of the hospital’s letter requesting such rural reclassification at **Attachment A-3**.

NOTE: If the hospital submits an application for rural reclassification under 42 CFR 412.103 to the CMS regional office after submittal of this application for reclassification to the MGCRB, but before the MGCRB has issued its final decision with respect to this application, the applicant must simultaneously submit written notice to the MGCRB informing the Board of its request for rural reclassification under 42 CFR § 412.103.

13. For 13.A., the hospital should show its sole community hospital (SCH) status at the time it submits its application. The Board will base its decision upon the hospital's status at the time of its review. In support of a "Yes" answer to 13.A., the hospital should attach (**Attachment B**) written verification (e.g., a current letter, e-mail, or note) from an authorized official of the CMS regional office or the hospital's fiscal intermediary that confirms the hospital's current SCH status.

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

14. For 14.A., the hospital should show its rural referral center (RRC) status at the time it submits its application, i.e., its current status. The Board will base its decision upon the hospital's status at the time of its review. In support of a "Yes" answer to 14.A., the hospital should attach (**Attachment D-1**) written verification (e.g., a current letter, e-mail, or note) from an authorized official of the CMS regional office or the hospital's fiscal intermediary that confirms the hospital's current status as an RRC. The hospital should also attach (**Attachment D-2**) a copy of the letter that was issued by the CMS regional office or the hospital's fiscal intermediary that officially designated the hospital as an RRC.

For 14.B., if the hospital is not classified as an RRC at the time it submits its application, but was classified as an RRC in the past, the hospital should support a "Yes" answer to 14.B. by attaching (**Attachment D-2**) a copy of the letter that was issued by the CMS regional office or the hospital's fiscal intermediary that officially designated the hospital as an RRC.

15. If "Yes," attach the rationale for the oral hearing request under **Attachment E**.

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

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

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

At **Attachment F** the hospital must include an original (i.e. no photocopies or facsimiles) map or maps, issued by a government entity or an organization such as the American Automobile Association, on which the hospital highlights the county in which it is located; the site of the hospital entrance, including the street on which it is situated; the route taken as described in this section; and the area to which the hospital requests reclassification. The maps must contain explanatory legends that identify types of roads displayed on the maps and scales for accurately determining distances in miles over these roads. The original maps(s) and the two copies must be easy to read with adequate detail and all pertinent locations and distances clearly marked.

NOTE: The Board, at its discretion, may request (1) a current affidavit from an independent source, such as a police officer, employee of a public transportation department, etc., and/or (2) additional documentation from an appropriate State or county transportation/roads official, based on the stated mileage and/or time provided in the application.

V. RECLASSIFICATION REQUEST UNDER PROXIMITY RULES

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

All hospitals, including SCHs and RRCs, can seek reclassification under the Proximity rules. Only hospitals that are classified by CMS as SCHs and RRCs as of the date of the Board's review are eligible for reclassification under the special access rules.

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

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

The maps must contain explanatory legends that identify types of roads displayed on the maps and scales for accurately determining distances in miles over these roads. The original map(s) and the two copies must be easy to read with adequate detail and all pertinent locations and distances clearly marked.

NOTE: The Board, at its discretion, may request (1) a current affidavit from an independent source, such as a police officer, employee of a public transportation department, etc., and/or (2) additional documentation from an appropriate State or county transportation/roads official, based on the stated mileage provided in the application.

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

WAGE COMPARISON

The hospital must identify its wage computations for the percent comparisons as **Attachment H** of its application. Tab 2 provides examples of the comparisons that are required under **Attachment H**.

Generally, for purposes of reclassification for the wage index, the 3-year average hourly wage (AHW) of a rural hospital must be at least 106 percent of the 3-year AHW of all other hospitals in the area in which the hospital is located and 86 percent of the 3-year AHW of hospitals located in the area to which it seeks redesignation. For an urban hospital, the hospital's 3-year AHW must be at least 108 percent of the 3-year AHW of all other hospitals in the area in which it is located and 88 percent of the 3-year AHW of hospitals located in the area to which it seeks redesignation. However, a hospital that was ever an RRC is exempt from the 106/108 percent thresholds and will only be required to meet the 86 percent threshold of the area to which it is applying (i.e., not the 88 percent threshold) even if it is located in an urban area.

Please note that in making the 106 (rural) or 108 (urban) percent AHW comparison, the hospital must show, as **Attachment H**, the wages and hours for the 3-years used to calculate the AHW for both the hospital and the area in which it is located. The hospital's own wages and hours must be excluded from the area totals in calculating the area AHW for the 106/108 percent comparison. Hospitals may obtain wage and hour information via the Internet at <http://www.cms.hhs.gov/AcuteInpatientPPS/WIFN/list.asp>, and then accessing: "Three Year MGCRB Reclassification Data for FY 2011 Applications". All inquiries concerning the CMS wage and hour data should be directed to Brian Slater at brian.slater@cms.hhs.gov.

The Board, in evaluating a hospital's request for reclassification for FFY 2011 for the wage index, must utilize the official data used to develop the FFY 2010 wage index. The wage data used to support the hospital's wage comparisons must be from the CMS hospital wage survey. The Board will use the final official data in evaluating if a hospital meets the reclassification criteria.

AFFIDAVIT

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

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

TAB

TAB 1 – WAGE COMPARISON - Includes model calculations for wage index value reclassification requests.

Examples of Wage Comparisons

		Hospital A	Hospital B	Hospital C
1	Hospital's Average Hourly Wage (AHW)	19.2411	17.7200	19.4283
2	Current Area	Rural Area X	Rural Area Y	MSA 4
3	AHW of Current Area Excluding Hospital's Data	19.2209	16.6515	17.9258
4	Requested Area	MSA 1	MSA 2	MSA 3
5	AHW of Requested Area	19.7652	21.7954	21.4501
6	A 106% Test [Line 1/Line 3]	1.001050939	1.064168393	N/A
	B 108% Test [Line 1/Line 3] [42 CFR 412.230(d)(1)(iii)(C)]	N/A	N/A	1.083817737
7	A 86% Test [Line 1/Line 5]	0.973483698	0.813015590	N/A
	B 88% Test [Line 1/Line 5] [42 CFR 412.230(d)(1)(iv)(E)]	N/A	N/A	0.905744029

Hospital A fails the 106% test.

Hospital DOES NOT qualify.

Hospital B meets the 106% test but fails the 86% test.

Hospital DOES NOT qualify.

Hospital C meets the 108% test and meets the 88% test.

Hospital DOES qualify.

- NOTES:**
1. The average hourly wage data to be used in the calculations above is the official CMS 3 year aggregate occupational mix adjusted data used to develop the FY2010 Wage Index.
 2. The examples above assume that the hospitals meet all non numeric criteria such as proximity.
 3. Rounding of numbers to meet the qualifying percentage is not permitted.
 4. Under 42 CFR 412.230(d)(1)(iii) & (iv) a hospital in a rural area must meet the the 106% and 86% criteria [Lines 6A & 7A respectively] and a hospital in a urban area must meet the the 108% and 88% criteria [Lines 6B & 7B respectively].
 5. If a hospital meets the criteria under 42 CFR 412.230(d)(3) as a Rural Referral Center, it does not have to meet the 106% or the 108% test (Line 6, above), and it is only required to meet the 86% test (line 7, above).