(A) Puget Sound Air Pollution Control Agency, Notice of Construction No. 7216, Date: Nov 25, 1997.

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DEPARTMENT OF HEALTH AND HUMAN SERVICES

Health Care Financing Administration

42 CFR Part 412

[HCFA–1049–FC]

RIN 0938–AJ26

Medicare Program; Limited Additional Opportunity to Request Certain Hospital Wage Data Revisions for FY 1999

AGENCY: Health Care Financing Administration (HCFA), HHS.

ACTION: Final rule with comment period.

SUMMARY: This final rule with comment period provides hospitals with a limited additional opportunity to request certain revisions to their wage data used to calculate the FY 1999 hospital wage index. In addition, it explains the criteria that must be met to request a revision, the types of revisions that will be considered, the procedures for requesting a revision, the implementation of wage index revisions, and other related issues. Requests for wage data revisions must be received by the date and time specified in the ''DATES'' section of this preamble. We will implement revisions to the hospital wage index in accordance with this final rule with comment period on a prospective basis only.

DATES: *Effective date:* The provisions of this final rule with comment period are effective on November 19, 1998.

Request date: Requests for wage data revisions will be considered if we receive them at the appropriate address, as provided below, no later than 5 p.m. eastern standard time on December 3, 1998.

Comment date: Comments will be considered if we receive them at the appropriate address, as provided below, no later than 5 p.m. eastern standard time on December 21, 1998.

ADDRESSES: *Request for wage data revisions:* Revision request must be sent to the following address: Health Care Financing Administration, Center for Health Plans and Providers, Division of Acute Care, Mail Stop: C4–05–27, 7500 Security Boulevard, Baltimore, MD 21244–1850, Attention: Stephen Phillips.

Comments: Mail an original and 3 copies of written comments to the following address: Health Care Financing Administration, Department of Health and Human Services, Attention: HCFA–1049–FC, P.O. Box 7517, Baltimore, MD 21244–1850.

If you prefer, you may deliver an original and 3 copies of your written comments to one of the following addresses: Room 443-G, Hubert H. Humphrey Building, 200 Independence Avenue, SW., Washington, D.C. 20201, or Room C5–14–03, 7500 Security Boulevard, Baltimore, Maryland 21244–1850.

Information collection requirements: For comments that relate to information collection requirements, mail a copy of comments to the following: Health Care Financing Administration, Office of Information Services, Information Technology Investment Management Group, Division of HCFA Enterprise Standards, Room C2–26–17, 7500 Security Boulevard, Baltimore, MD 21244–1850, Attn: John Burke HCFA–1049–NC, and the Office of Management and Budget, Office of Information and Regulatory Affairs, Room 10235, New Executive Office Building, Washington, DC 20503, Attn: Allison Herron Eydt, HCFA Desk Officer.

FOR FURTHER INFORMATION CONTACT: Stephen Phillips, (410) 786–4531.

SUPPLEMENTARY INFORMATION:

Comments, Procedures, Availability of Copies, and Electronic Access

Because of staff and resource limitations, we cannot accept comments by facsimile (FAX) transmission. In commenting, please refer to file code HCFA–1049–FC. Comments received timely will be available for public inspection as they are received, generally beginning approximately 3 weeks after publication of a document, in Room 443–G of the Department's office at 200 Independence Avenue, SW., Washington, DC, on Monday through Friday of each week from 8:30 to 5 p.m. (phone: (202) 690–7890).

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I. Introduction

Section 1886(d)(3)(E) of the Social Security Act (the Act) requires that, as part of the methodology for determining prospective payments to hospitals for inpatient operating costs, the Secretary must adjust standardized amounts ''for area differences in hospital wage levels by a factor (established by the Secretary) reflecting the relative hospital wage level in the geographic area of the hospital compared to the national average hospital wage level.'' In addition, section 1886(d)(3)(E) of the Act requires that the hospital wage index be updated annually and that updates or adjustments to the hospital wage index be budget neutral.

In the July 31, 1998 **Federal Register** (63 FR 40966), we published hospital inpatient prospective payment rates and policies for Federal fiscal year (FY) 1999, including the hospital wage index. The FY 1999 wage index is based on data from Medicare cost reports for cost reporting periods beginning in FY 1995. This cost report data is submitted by hospitals and certified by hospitals. Before the calculation of the FY 1999 hospital wage index was published on July 31, 1998, we provided opportunities to hospitals to request wage data revisions and to verify wage data in HCFA's files. We established

deadlines for requesting wage data revisions.

Notwithstanding these deadlines, numerous hospitals have contacted us to request revisions to the data reflected in the FY 1999 hospital wage index. Many of these requests relate to issues arising from hospitals failing to report costs in the first place and failing to request revisions, or hospitals that failed to verify the final wage data. However, it has come to our attention that certain aspects of the development of the FY 1999 wage index may have led to some confusion among the hospital community.

In light of the totality of the circumstances, as discussed below in section III of this preamble, we are providing hospitals with an additional opportunity to request limited types of revisions to the wage data used to calculate the FY 1999 hospital wage index. This final rule with comment period explains the types of revisions we will consider, the procedures for requesting revisions, the implementation of wage index revisions, and related issues.

II. Development of the FY 1999 Wage Index

As noted above, the FY 1999 hospital wage index is based on data submitted by hospitals on Medicare cost reports for cost reporting periods beginning in FY 1995. These cost reports reflected changes to the manner in which we required hospitals to report certain types of costs, in particular, certain ''wage-related costs.''

The development of the FY 1999 wage index also reflected changes to the process for requesting wage data revisions. Under the timetable for developing the wage index for FY 1998, we released a public use wage data file in mid-August 1997, and hospitals could request corrections for certain errors (data entry or tabulation errors) up until September 15, 1997 (after publication of the final rule on August 29, 1997, thus necessitating publication of a subsequent correction notice). For the development of the FY 1999 wage index, we revised the timetable for making available public use wage data files and for requesting revisions to wage data.

The new process was designed so that the wage index published in the final rule would incorporate all revisions, including those to correct data entry or tabulation errors by the intermediary or HCFA as reflected in a ''final'' public use file released prior to publication of the final rule. We gave hospitals opportunities to examine the wage data used to construct the proposed and the final FY 1999 hospital wage indices, by making available two public use data files containing the FY 1995 hospital wage data. In memoranda dated February 2 and April 21, 1998, we instructed Medicare fiscal intermediaries to inform the hospitals they serve of the availability of the wage data files and the process and time frame for hospitals to request revisions. The proposed and the final wage data files were made available February 6 and May 14, 1998, respectively, through the Internet on HCFA's home page (http://www.hcfa.gov). We instructed fiscal intermediaries to advise hospitals of the alternative availability of these data through their representative hospital organizations or directly from HCFA.

Thus, under the timetable for developing the FY 1999 wage index, we made available the final public use wage data file in May (rather than August) and hospitals had to request corrections for data entry or tabulation errors by the intermediary or HCFA by June 5, 1998 (rather than mid-September as in past years).

After developing the final wage index, it came to our attention that hospitals may have been confused by certain aspects of the development of the FY 1999 wage index, as discussed below.

III. Provisions of the Final Rule With Comment Period

A. Limited Additional Opportunity to Request Certain Wage Data Revisions for FY 1999

As explained further below, in this final rule with comment period, we are providing hospitals a limited opportunity to request limited types of revisions to the wage data used to calculate the FY 1999 wage index. We are also addressing related issues. We are providing hospitals with an additional opportunity to request certain limited types of revisions because of the unique confluence of circumstances relating to the development and application of the FY 1999 wage index (as explained further below).

B. Criteria for Requesting Revisions and Explanation of the Types of Revisions

We are providing a window of opportunity from the date of publication of this final rule with comment period until the date and time specified in the **DATES** section of this preamble for hospitals to request revisions to their FY 1995 wage data, if they meet one of the following criteria:

- The hospital's data on the May 1998 public use file is recorded as zero on Line 28 of Worksheet S–3, Part III (wage-related costs).
- The hospital's data on the May 1998 public use file is recorded as zero in either column 3 or 4 (but not both), with nonzero data in the other column, for Lines 2, 4, 6, or 33 of Worksheet S–3, Part III.
- The hospital properly requested a wage data revision by March 9, 1998, the fiscal intermediary approved a revision (as reflected in a revised Worksheet S–3), but the fiscal intermediary or HCFA made a data entry or tabulation error.

We address each category in more detail below. We will not consider requests for other types of revisions. Requests from hospitals meeting these criteria must be limited to these specific criteria.

1. Zero Wage-related Costs on Line 28 of Worksheet S–3, Part III

The Medicare cost reports for cost reporting periods beginning in FY 1995 reflected changes to the wage data portions (Parts II, III, and IV) of Worksheet S–3. The FY 1999 wage index reflects, for the first time, these changes to the cost report. We discussed these changes in the rulemaking process for FY 1995, and we see no reason why hospitals should not have properly reported these costs. Most hospitals did report these costs, but it has come to our attention that a number of hospitals incorrectly reported zero costs or otherwise did not include costs on Line 28 of Worksheet S–3, Part III (wage-related costs).

If the May 1998 public use file reflects zero wage-related costs for a hospital, the hospital may request a revision to Line 28 of Worksheet S–3, Part III. The hospital must provide adequate verifiable documentation to support the costs.

2. Zero Costs or Zero Hours (But Not Both) on Lines 2, 4, 6, or 33 of Worksheet S–3, Part III

For certain categories of costs, hospitals are required to report *both* hours and dollars. It has come to our attention that a number of hospitals reported either (1) nonzero dollars but zero hours or (2) nonzero hours but zero dollars, on Lines 2, 4, 6, or 33 of Worksheet S–3. To calculate each hospital's average hourly wage, we summed the dollars (Column 3) and hours (Column 4), respectively, for lines 2, 4, 6, 32, and 33. However, if a hospital reported zero dollars or zero hours, but not both, for any of these lines (this situation did not arise on line 32), we excluded the corresponding nonzero amount for that line in

calculating the hospital's average hourly wage.

Under this final rule with comment period, we are permitting hospitals to request revisions if the hospital improperly reported zero dollars or zero hours, but not both, for Lines 2, 4, 6, or 33 of Worksheet S–3. In order for a hospital's request for revision to be granted, a hospital must satisfactorily justify that these costs and hours should be included. For example, if a hospital reported $500,000 in physician Part A salaries but reported zero hours attributable to physician Part A services, in order for a request to be granted, the hospital must report accurate hours related to those costs or otherwise explain why that $500,000 should be included in the calculation.

3. Data Entry or Tabulation Errors

On May 14, 1998, we made available a ''final'' public use wage data file. In the May 8 proposed rule, we stated, ''If, after reviewing the final file, a hospital believes that its wage data are incorrect due to a fiscal intermediary or HCFA error in the entry or tabulation of the final wage data,'' the hospital had to request a revision by June 5, 1998 in order for the data to be revised.

It has come to our attention that the revised timetable for releasing the final wage file (May, rather than August) and the revised deadline for requesting revisions for data entry or tabulation errors (June 5, rather than mid-September) may have led to some confusion. If a hospital properly requested a revision by March 9, 1998, and the fiscal intermediary approved the revision (as reflected in a revised Worksheet S–3), but there was an error in data entry or tabulation, we will consider a hospital's request for revision to the wage data notwithstanding the June 5, 1998 deadline. Thus, we are effectively extending the June 5, 1998 deadline for correcting certain data entry or tabulation errors.

C. Rationale for Accepting Limited Types of Revisions

We will consider requests only for the limited types of revisions specified above. We will not consider requests for other types of revisions.

We are providing for these limited revisions because of the totality of the circumstances, including—

- The number of hospitals contacting us about the same types of problems;
- The hardship that might result for a number of hospitals if we did not revise the wage data;
- The changes to the Medicare cost report, reflected for the first time in the FY 1999 wage index;
- The revised statutory timetable for publishing the proposed and final hospital inpatient prospective payment system rules, effective for the first time for FY 1999 (see section 4644 of the Balanced Budget Act of 1997); and
- The revised timetable for finalizing wage data (including the revised timetable for releasing the final public use wage data file and the revised timetable for requesting corrections of data entry and tabulation errors), applied for the first time in developing the FY 1999 wage index.

None of these factors, by itself, would be sufficient grounds for making a mid-year revision. For example, we believe we should not make a wage index revision merely because a single individual hospital might receive significantly lower payments as a result of its failure to properly report costs or its failure to properly request revisions and verify data. In deciding which types of revisions we would make, we considered the factors above not only in combination with each other, but also in light of the previous opportunities we provided to hospitals to verify data and request revisions.

We evaluated the totality of the circumstances and decided it was appropriate to make limited types of revisions. As indicated earlier, we believe most problems with wage data arise because hospitals fail to properly report costs on the cost report, fail to properly request revisions, or fail to verify the data that the intermediary and HCFA are using to calculate the wage index. We believe it would *not* be necessary or appropriate to consider, at this time, requests for any and all types of revisions to the FY 1995 wage data. We note that, if we permitted hospitals to request any and all revisions, it would presumably take longer for hospitals to receive revised wage indexes for FY 1999.

Also, we emphasize that this final rule with comment period should not be construed as an acknowledgment that the development of the FY 1999 wage index, as reflected in the July 31 **Federal Register**, was in any way unfair or unreasonable. Moreover, it should not be construed as an acknowledgment that mid-year corrections may be appropriate in other contexts or in other years. Many of our policies reflect balancing the competing considerations of finality, accuracy, and certainty, and many aspects of developing payment rates and policies require the use of the best data available *at the time.* As stated above, we are providing for limited wage data revisions for FY 1999 because of the totality of the circumstances in this context.

D. Procedures for Submission of Requests and Evaluation of Requests

A hospital seeking a revision to its FY 1995 wage data under the applicable criteria must submit a written request to *both* its fiscal intermediary and HCFA, clearly explaining the basis for the request. Each request must include all information and supporting documentation needed for HCFA and the fiscal intermediary to determine whether the request meets the applicable criteria, and to verify the accuracy of the requested revision.

A hospital seeking a revision must submit its request to the HCFA official whose name appears in the **ADDRESSES** section of the preamble. The request must be received by date and time specified in the **DATES** section of this preamble.

Upon receipt of a request for revision, HCFA will confer with the hospital's fiscal intermediary as necessary and appropriate. We will review each request and the supporting documentation and make a decision as to whether to grant the request in full, reject it in full, or grant it in part and reject it in part.

E. Implementation of Wage Index Revisions

We will implement the wage index revisions we make in accordance with the process described in this final rule with comment period on a prospective basis only. We note that the timing of wage index revisions, as well as other adjustments described below, will depend in part on the number of the requests that we receive. Also, we note that this process might result in wage index revisions for hospitals that do not request revisions, not only hospitals in the same labor market area as hospitals that request revisions, but also all other hospitals. This is because the hospital wage index measures relative wage levels across geographic areas, and reflects the average hourly wage in each labor market area as well as the national average hourly wage.

IV. Other Related Issues

A. Budget Neutrality and Adjustment to Standardized Amounts

Under section 1886(d)(3)(E) of the Act, ''adjustments or updates'' to the hospital wage index for a fiscal year ''shall be made in a manner that assures that aggregate payments . . . in the fiscal year are not greater than or less than those that would have been made in the year without such adjustment.'' Accordingly, to the extent that mid-year revisions to the hospital wage index would affect aggregate payments, we

will apply a budget neutrality adjustment to the standardized amounts so that aggregate payments ''are not greater than or less than those that would have been made in the year without [mid-year wage index] adjustment.'' With respect to individual hospitals who do not request revisions, we anticipate that the combined impact of wage index revisions and the budget neutrality adjustment will be minimal, because the ''cost'' of permitting wage index revisions to some hospitals will be spread out over all prospective payment hospitals.

As discussed in numerous **Federal Register** documents, we calculate a budget neutrality adjustment by simulating payments with and without the adjustment to the wage indexes. We would implement the budget neutrality adjustment (on a prospective basis) at the same time we implement the revised wage indexes.

Also, we note that the capital prospective payment system incorporates the hospital wage index for operating costs. Accordingly, we will incorporate the wage index revisions made in accordance with this final rule with comment period into capital prospective payments, including the geographic adjustment factor (GAF).

B. The Relationship Between Wage Revisions and the MGCRB Process

Under section 1886(d)(10) of the Act, the Medicare Geographic Classification Review Board (MGCRB) considers applications by hospitals to be reclassified to another geographic area for purposes of the wage index. For purposes of evaluating a hospital's application for reclassification for FY 2000, the MGCRB will use hospitals' average hourly wages incorporating all of the revisions made in accordance with this final rule with comment period at the time the MGCRB rules on the hospital's application.

V. Response to Comments

Because of the large number of items of correspondence we normally receive on **Federal Register** documents published for comment, we are not able to acknowledge or respond to them individually. We will consider all comments we receive by the date and time specified in the **DATES** section of this preamble, and, when we proceed with a subsequent document, we will respond to the comments in the preamble to that document.

VI. Waiver of Notice of Proposed Rulemaking and 30-Day Delay in the Effective Date

We ordinarily publish a notice of proposed rulemaking to provide a period of public comment on a rule. However, we may waive that procedure if we find good cause that prior notice and comment would be impracticable, unnecessary, or contrary to public interest.

We find that it would be impracticable to undertake prior notice and comment procedures before implementing this final rule with comment period. This final rule with comment period provides hospitals with a limited opportunity to request very limited types of revisions to the wage data used to calculate the FY 1999 hospital wage index. As discussed earlier, we are providing this process for mid-year revisions because of the totality of the circumstances arising this year. These circumstances include the number of hospitals contacting us about the same types of wage data problems (reflecting apparent confusion about certain aspects of the development of the FY 1999 wage index) and the hardship that might result if we did not revise the wage data for these hospitals. If we delayed the wage data revision process in order to complete notice and comment procedures, we would delay the implementation of revised wage indexes and thus diminish the extent to which we address the potential hardship that might result for certain hospitals. Also, it is essential to finalize the FY 1999 wage index process expeditiously because the MGCRB will soon be evaluating and making decisions on applications for hospital geographic reclassification for FY 2000. The MGCRB's decision-making process for these applications requires analysis of the wage data used to calculate the FY 1999 wage index, and delaying the wage data revision process might result in problems in the MGCRB process.

For these reasons, we find that it would be impracticable to complete notice and comment procedures before providing hospitals with the opportunity to request revisions to the wage data used to calculate the FY 1999 wage index. Therefore, we find good cause to waive the notice of proposed rulemaking and to issue this document as a final rule with comment period. We are providing a 30-day period for public comment.

Also, we normally provide a delay of 30 days in the effective date of a regulation. However, if adherence to this procedure would be impracticable, unnecessary, or contrary to the public interest, we may waive the delay in the effective date. For the reasons discussed above, it is important that the provisions of this final rule with comment period have immediate effect so that we can finalize the FY 1999 wage index. Therefore, we find good cause to waive the usual 30-day delay in the effective date.

VII. Collection of Information Requirements

Under the Paperwork Reduction Act of 1995 (PRA), agencies are required to provide a 60-day notice in the **Federal Register** and solicit public comment before a collection of information requirement is submitted to the Office of Management and Budget (OMB) for review and approval. In order to fairly evaluate whether an information collection should be approved by OMB, section 3506(c)(2)(A) of the PRA requires that we solicit comment on the following issues:

- Whether the information collection is necessary and useful to carry out the proper functions of the agency;
- The accuracy of the agency's estimate of the information collection burden;
- The quality, utility, and clarity of the information to be collected; and
- Recommendations to minimize the information collection burden on the affected public, including automated collection techniques.

While a hospital seeking a revision to its FY 1995 cost report wage data must submit a request, including all information and supporting documentation needed to determine whether the request meets the applicable criteria and to verify the accuracy of the requested revision, HCFA believes this request for information meets one of the exceptions to the definition of information under the PRA and is therefore not subject to the PRA. In summary, 5 CFR 1320.3(h)(9) states that information does not include, ''facts or opinions solicited through nonstandardized follow-up questions designed to clarify responses to approved collections of information''. Since we believe this voluntary request is not standardized and is designed only to provide hospitals with an additional opportunity to clarify information previously provided to HCFA in their 1995 cost report (HCFA–2552, OMB approval #0938–0050, current expiration date of 8/31/2000), HCFA believes that this exception to the PRA applies.

If you want to comment on this issue, please mail copies directly to the HCFA and OMB officials whose names appear

in the **ADDRESSES** section of this preamble.

VIII. Regulatory Impact Statement

We have examined the impacts of this final rule with comment period as required by Executive Order 12866 and the Regulatory Flexibility Act (RFA) (Public Law 96–354). Executive Order 12866 directs agencies to assess all costs and benefits of available regulatory alternatives and, when regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). The RFA requires agencies to analyze options for regulatory relief of small businesses. For purposes of the RFA, small entities include small businesses, nonprofit organizations, and government agencies. Most hospitals and most other providers and suppliers are small entities, either by nonprofit status or by having revenues of $5 million or less annually. For purposes of the RFA, all hospitals are considered to be small entities.

Section 1102(b) of the Act, requires us to prepare a regulatory impact analysis if a rule may have a significant impact on the operations of a substantial number of small rural hospitals. Such an analysis must conform to the provisions of section 604 of the RFA. For purposes of section 1102(b) of the Act, we define a small rural hospital as a hospital that is located outside of a Metropolitan Statistical Area (MSA) and has fewer than 50 beds.

The implementation of this final rule with comment period will have isolated positive payment impacts in areas whose wage indexes include hospitals receiving wage data revisions as described above. We believe approximately 163 hospitals had zero on Line 28 of Worksheet S–3, Part III, on the May 1998 public use file. In addition, we believe approximately 127 hospitals had zero in either column 3 or 4 (but not both), with nonzero data in the other column, for Lines 2, 4, 6, or 33 of Worksheet S–3, Part III, on the May 1998 public use file. We do not know how many, if any, hospitals may be eligible under the third criterion: the hospital properly requested a wage data revision by March 9, 1998, the fiscal intermediary approved a revision, but the fiscal intermediary or HCFA made a data entry or tabulation error on the May 1998 public use file.

Of the approximately 163 hospitals potentially eligible under the first criterion, there are 59 rural hospitals (located in 15 different States) and 104 urban hospitals (located in 63 different MSAs). Of the approximately 127 hospitals potentially eligible under the second criterion, there are 40 rural hospitals and 87 urban hospitals.

All other hospitals' wage index values are likely to decrease slightly as a result of any revisions under this process. This is because the revisions will likely have the effect of slightly increasing the national average hourly wage ($20.7325 in the July 31, 1998 final rule (63 FR 40973)). Therefore, hospitals in areas without any revisions may experience a slight decrease in their wage index values when their area's unchanged average hourly wage is compared to the higher national average hourly wage.

In addition, as described above in section IV.A., we intend to implement any necessary budget neutrality adjustment at the same time we implement revised wage indexes. The impact of this adjustment will depend on the changes to the hospital wage index. With respect to hospitals in labor market areas whose average hourly wage is not affected, we believe the combined effect of the higher national average hourly wage and budget neutrality will be minimal. We will estimate and publish the entire impacts of payment changes associated with any revisions to hospitals' wage indexes in the subsequent document to this final rule with comment period.

IX. Contract With America Advancement Act (Public Law 104–121)

This rule has been determined to be a major rule as defined in Title 5, United States Code, section 804(2). Although the actual impact of this final rule with comment period cannot be determined prior to reviewing the revision requests, we believe it could range from $0 to $500 million. Ordinarily, under 5 U.S.C. 801, as added by section 251 of Pub. L. 104–121, a major rule shall take effect 60 days after the later of (1) the date a report on the rule is submitted to the Congress or (2) the date the rule is published in the **Federal Register**. However, section 808(2) of Title 5, United States Code, provides that, notwithstanding 5 U.S.C. 801, a major rule shall take effect at such time as the Federal agency promulgating the rule determines, if for good cause the agency finds that notice and public procedure are impracticable, unnecessary, or contrary to the public interest. As indicated above, for good cause we find that it was impracticable to complete notice and comment procedures before publication of this rule. Accordingly, pursuant to 5 U.S.C. 808(2), this final rule with comment period is effective on November 19, 1998.

(Catalog of Federal Domestic Assistance Program No. 93.773, Medicare—Hospital Insurance; and Program No. 93.774, Medicare—Supplementary Medical Insurance Program)

Dated: October 30, 1998.

Nancy-Ann Min DeParle,

Administrator, Health Care Financing Administration.

Approved: November 3, 1998.

Donna E. Shalala,

Secretary.

[FR Doc. 98–30992 Filed 11–17–98; 10:27 am]

BILLING CODE 4120–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Health Care Financing Administration

42 CFR Parts 440 and 441

[HCFA–2060–F]

RIN 0938–AJ05

Medicaid Program; Inpatient Psychiatric Services Benefit for Individuals Under Age 21

AGENCY: Health Care Financing Administration (HCFA), HHS.

ACTION: Final rule.

SUMMARY: This final rule amends the CFR by adding a choice of accreditation organizations that a State Medicaid agency may use to fulfill the requirement for Medicaid approval of, and payment to, psychiatric facilities other than psychiatric hospitals or psychiatric units of acute care hospitals, that provide the ''inpatient psychiatric services benefit for individuals under age 21''. In response to comments received on a prior proposed rule, we are retaining the requirement for accreditation of psychiatric facilities, but we are offering alternatives to accreditation by the Joint Commission on Accreditation of Health Care Organizations. Accreditation of psychiatric facilities, other than psychiatric hospitals and psychiatric units in acute care hospitals, could be performed by the Council on Accreditation of Services for Families and Children, the Commission on Accreditation of Rehabilitation Facilities, or any other accrediting body with comparable standards that is recognized by the State. This change is being made while we continue to develop HCFA standards for psychiatric facilities based on our evaluation of the comments that we received on the proposed standards that were published in the NPRM. All of the comments on