

**To: All Providers**

**From: CareFirst of Maryland, Inc. – Medicare Part A**

**Date: April 2, 2004**

**Subject: Implementation of Section 508(f) of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (Public Law 108-173)**

**I. GENERAL INFORMATION**

**A. Background:** This One-Time Notification (OTN) implements Section 508(f) of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MPDIMA) (Public Law 108-173). Under Section 508(f), any reclassification of a county or other area resulting from an act of Congress that expired on September 30, 2003, shall be deemed to be in effect during the period beginning on January 1, 2004, and ending on September 30, 2004.

The OTN also revises the wage index value for Lafayette, Indiana. This change is effective for discharges occurring on or after January 1, 2004.

**B. Policy:** Under Section 152(a) of the Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act of 1999 (BBRA) (Public Law 106-113), Congress reclassified hospitals in certain counties for purposes of payment under the hospital inpatient prospective payment system for discharges occurring during FY 2000. Section 152(b) also applies these reclassifications for FY 2001. Subsequently, Section 304 of the Medicare, Medicaid, and SCHIP Benefits Improvement Protection Act of 2000 (Public Law 106-554) added section 1886(d)(10)(D)(v) of the Act to provide that wage index reclassifications shall be effective for 3-years. As a result, the reclassifications enacted by the BBRA expired on September 30, 2003.

The following hospital reclassifications are affected. Although other hospitals in other areas were included in Section 152 of the BBRA, those hospitals were successfully reclassified by the Medicare Geographic Classification Review Board for FY 2004 into the area to which they were reclassified by section 152.

Provider Number	Actual MSA	Current Wage Index MSA Reclassification	New Wage Index MSA Reclassification
330001	5660	0875	5600
330126	5660	0875	5600
330135	5660	0875	5600
330205	5660	0875	5600
330209	5660	0875	5600
330264	5660	0875	5600
450072	1145	---	3360
470003	1303	---	1123

For purposes of making payments under Section 508(f) of MPDIMA, and for hospitals in Lafayette, IN (to reflect a correction to the wage data for that area), the following wage indexes are effective with discharges occurring on or after January 1, 2004, and before October 1, 2004:

MSA	New Wage Index	New geographic adjustment factor (GAF)
0875 Bergen-Passiac, NJ	1.1767	1.1179
1123 Boston-Worcester-Lawrence-Lowell-Brockton, MA-NH	1.1120	1.0754
3920 Lafayette, IN	0.9036	0.9329
5600 New York, NY	1.3892	1.2525

The **effective date** for this notification is January 1, 2004. The **implementation date** is April 26, 2004.

(Source: One-Time Notification, Publication 100-20, Transmittal 65 Change Request 3084, March 26, 2004)

THIS BULLETIN SHOULD BE SHARED WITH ALL HEALTH CARE PRACTITIONERS AND MANAGERIAL MEMBERS OF THE PROVIDER/SUPPLIER STAFF. ALL BULLETINS ISSUED AFTER OCTOBER 1, 1999 ARE AVAILABLE AT NO COST FROM OUR WEB SITE AT [www.marylandmedicare.com](http://www.marylandmedicare.com).