

**DEPARTMENT OF HEALTH AND HUMAN SERVICES
Centers for Medicare & Medicaid Services**

Decision of the Administrator

IN THE CASE OF:	*	MGCRB Case No. 25C0161
	*	
Tug Valley ARH Regional Medical Center	*	
	*	
Provider No. 18-0069	*	Date: January 23, 2024
	*	
	*	

This case is before the Administrator, Centers for Medicare & Medicaid Services (CMS), for review of the decision entered by the Medicare Geographic Classification Review Board (MGCRB). The review is during the 90-day period in § 1886(d)(10) of the Social Security Act (Act), as amended.¹ The Hospital requested that the Administrator reverse the MGCRB’s denial of its reclassification application. Accordingly, this case is now before the Administrator for final agency review.

ISSUE AND MGCRB DECISION

The issue involves whether the MGCRB properly denied the Hospital’s request for reclassification. The Hospital, geographically located in the rural Kentucky Core-Based Statistical Area (CBSA) requested reclassification to the urban Charleston, West Virginia (WV) CBSA for purposes of using the area’s wage index to determine its payment rate under the Medicare inpatient prospective payment system (IPPS) for the Federal Fiscal Years (FFY) 2025 through 2027. The MGCRB found that the requested area is required to be no farther than 35.00 miles under the rural proximity requirements. The MGCRB measured the distance as 35.7 miles.

HOSPITAL’S COMMENTS

The Hospital commented, requesting review by the Administrator. The Hospital stated that it submitted map evidence with its application showing that the distance to the requested area was 34.9 miles. The Hospital stated that MGCRB issued a letter acknowledging that the application was complete. The Hospital pointed out that, while URLs expire, the map submitted with the application showed the distance as being 34.9 miles. The Hospital argued that if the MGCRB had an issue with the accuracy or validity of the map, the MGCRB should have raised this issue at some point before issuing a denial, as in the past hospitals have been allowed to submit supplemental evidence when necessary. The Hospital also stated that the MGCRB failed to offer any evidence showing that the Hospital did not meet the proximity requirement, other than the cursory statement that the distance was calculated to be 35.7 miles. The Hospital argued that the

¹ 42 U.S.C. § 1395ww(d).

MGCRB has increasingly been issuing denials based on hospitals not meeting proximity requirements, and the Hospital hypothesized that this was due to the MGCRB simply clicking on the URL links provided by hospitals with their applications, rather than following the turn-by-turn directions provided by the hospitals. The Hospital pointed out that URLs expire, and that the default route that might be given is not always the shortest route.

DISCUSSION

The entire record furnished by the MGCRB has been examined, including any correspondence, position papers, exhibits, and subsequent submissions. All comments received timely are included in the record and have been considered.

Section 1886(d)(10)(C)(iii)(II) of the Social Security Act and the Medicare regulations at 42 C.F.R. § 412.278 provide for the CMS Administrator's review of the MGCRB decisions. In exercising its authority under § 1886(d)(10) of the Act, the MGCRB must comply with all of the provisions of Title XVIII of the Act and the regulations issued there under, including the regulations at 42 C.F.R. § 412.230, *et seq.* Likewise, the regulations promulgated by the Secretary establishing procedures and criteria for the MGCRB are binding on the agency and on the Administrator in reviewing MGCRB decisions.²

Section 1886(d)(10) of the Act provides for the MGCRB to consider the application of any subsection (d) hospital requesting that the Secretary change the hospital's geographic classification for purposes of determining for a fiscal year its wage index. Further, § 1886(d)(10)(D)(i)(I) requires the Secretary to publish guidelines for comparing wages, taking into account to the extent the Secretary determines appropriate, occupational mix in the area in which the hospital is classified and the area in which the hospital is applying to be classified.

The regulation at 42 C.F.R. § 412.230 sets forth criteria for an individual hospital seeking redesignation to another rural area or an urban area, stating in part at (a)(1)(ii) that:

Effective for fiscal year 2005 and subsequent fiscal years, an individual hospital may be redesignated from an urban area to another urban area, from a rural area to another rural area, or from a rural area to another urban area for the purposes of using the other area's wage index value.

A hospital must demonstrate that it meets certain proximity criteria to be redesignated to the requested area. 42 C.F.R. § 412.230(a) provides that:

(2) *Proximity.* Except as provided in paragraph (a)(3) of this section, to be redesignated to another rural area or an urban area, a hospital must demonstrate a close proximity to the area to which it seeks redesignation by meeting the criteria in paragraph (b) of this section, and submitting data requested under paragraph (c) of this section.

² *United States v. Nixon*, 418 U.S. 683, 694-96 (1974). See also K. Davis and R. Pierce, *Administrative Law Treatise* §6.5 at 251 (3rd ed. 1994).

The regulation at 412.230(b) states:

Proximity criteria. A hospital demonstrates a close proximity with the area to which it seeks redesignation if one of the following conditions applies:

- (1) The distance from the hospital to the area is no more than 15 miles for an urban hospital and no more than 35 miles for a rural hospital.
- (2) At least 50 percent of the hospital's employees reside in the area.

Regarding the "proximity" criteria, MGCRB Rule 5.2 notes:

(A) A hospital must demonstrate a close proximity to the area to which it seeks redesignation or qualify for special access by meeting one of the following conditions:

(1) Proximity – Distance. The distance from the hospital to the requested area must be no more than 15 miles for an urban hospital and no more than 35 miles for a rural hospital. To demonstrate proximity, the provider must submit map evidence (using a nationally recognized electronic mapping service (e.g., Google Maps, Bing Maps, MapQuest) showing the shortest route over improved roads from the front entrance of the hospital to the county line of the requested area and the distance of that route. An improved road is any road that is maintained by a local, state, or federal government entity and available for use by the general public.

An improved road includes the paved surface up to the front entrance of the hospital. For further information, see 66 Fed. Reg. 39874-75 (Aug. 1, 2001), which discusses the definition of mileage for purposes of meeting the proximity requirements.

In this case, the MGCRB found that the Hospital, which is located in rural Kentucky, met all the criteria to be reclassified to the urban Charleston, WV CBSA, except for the 35-mile proximity requirement. The MGCRB found that the requested area was 35.7 miles. However, the Administrator, using Google Maps, finds that the Hospital meets the 35-mile requirement.

In light of the foregoing and based on the record presented by the Hospital for this reclassification period, the Administrator reverses the MGCRB decision. As the Hospital also met the other necessary criteria, including the wage comparison criteria for redesignation, the Hospital qualifies for redesignation to the urban Charleston, WV CBSA, for purposes of using that area's wage index to determine its payment rate under the Medicare inpatient prospective payment system (IPPS) for the Federal Fiscal Years (FFYs) 2025 through 2027.

DECISION

The Administrator reverses the MGCRB's decision in this case.

**THIS CONSTITUTES THE FINAL ADMINISTRATIVE DECISION OF THE
SECRETARY OF HEALTH AND HUMAN SERVICES**

Date: March 29, 2024

/s/

Jonathan Blum
Principal Deputy Administrator
Centers for Medicare & Medicaid Services