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Labor Cost Adjustment for Nursing Home Reimbursement (DHFS -- Medical Assistance)

[LFB 2001-03 Budget Summary: Page 353, #4]

CURRENT LAW

Under state law, the Department of Health and Family Services (DHFS) is required to reimburse nursing homes for care provided to MA recipients according to a prospective payment system that DHFS updates annually. The Department's formula must reflect a prudent buyer approach, under which a reasonable price, recognizing select factors that influence costs, is paid for service of acceptable quality. DHFS must establish payment standards, using recent cost reports submitted by nursing homes.

When DHFS constructs the prospective daily payment rate, both patient levels of care and categories of expenditures are considered. State statutes require that DHFS consider six cost centers and permit DHFS to consider a seventh, over-the-counter-drugs, when developing facility-specific nursing home rates. The six mandatory cost centers are: (1) direct care; (2) support services; (3) administrative and general; (4) fuel and utilities; (5) property taxes, municipal services or assessments; and (6) capital.

In general, DHFS pays nursing homes for their expenses in a given cost center as long as their expenses per patient day do not exceed "targets" (maximum rates) that are based on the costs for all nursing homes in the state. State statutes require that the target for direct care be adjusted to reflect regional differences in labor costs. Currently, DHFS is transitioning to a regional labor cost adjustment that uses the Medicare hospital labor cost index. The transition began in 1999-00 by using a weighted average of the old and new labor indexes with a one-third weight for the new Medicare labor factor. In 2000-01, the Medicare labor factor will have a two-thirds weight. DHFS had intended to fully implement the Medicare labor index in 2001-02.

GOVERNOR

Eliminate the requirement that DHFS establish standards (targets) for payment of allowable direct care costs that are adjusted by DHFS for regional labor cost variations.

DISCUSSION POINTS

1. Direct care is the largest cost center and on average, accounts for nearly 60% of a facility's payment rate. The next largest cost center is support services, which represents about 20% of the total rate.

2. In 2000-01, adjustments for labor costs had various effects on nursing homes, ranging from a 6% decrease in a facility's target, to an increase of 18%.

3. Elimination of the labor cost adjustment would result in the redistribution of MA nursing home payments, but would not affect the total level of MA payments made to nursing homes.

4. Under the Medicare labor cost index, there are 14 different regions in Wisconsin that include 13 standard metropolitan statistical areas (SMSAs), centered on such urban areas as Milwaukee, Madison and Appleton/Oshkosh, and a rural classification that encompasses the remaining areas of the state.

5. Under the old labor adjustment index, there were three rate regions (high, moderate and low). However, the basic geographical areas were counties, and in some cases, parts of counties based on the first three digits of the area's zip code. Under the old system, the geographical divisions allowed for variation between rural areas, while the Medicare divisions place all areas outside of SMSAs into one division -- balance of state.

6. Table 1 shows the different categories and their respective labor index values. Each of the labor indexes has been standardized so that each index is centered on 1.0. An index value of less than 1.0 would mean that the facility's target has been adjusted below the standard amount, while an index above 1.0 would mean that the facility's target is adjusted above the standard amount. For example, if the standard target for direct care is $62.90 per patient day, an index value of 0.95 would mean that the nursing home with that index value would be subject to a lower target of $59.76 per patient day ($62.90 x 0.95), while a home with an index of 1.10 would be subject to a target of $69.19 ($62.90 x 1.1). Table 1 also indicates the number of facilities and number of MA patient days under each of the categories. It should be noted that the classification of areas under the old labor index includes a number of hold harmless adjustments, under which an area was retained in the high or moderate labor region when the formula indicated that the region should have been placed in a lower cost category.

TABLE 1

Comparison of Old and Medicare Labor Cost Indexes

Old Labor Index	Facility Count	Patient Days	Percent of Patient Days	Index Value (Average = 1.0)
High	180	5,063,661	48.0%	1.084
Moderate	164	4,206,211	39.8	0.970
Low	60	1,286,217	12.2	0.927
Total	404	10,556,089	100.0%	
Medicare Hospital Wage Index				
Minneapolis	14	230,024	2.2%	1.232
Madison	21	371,010	3.5	1.149
Duluth / Superior	7	185,953	1.8	1.122
Milwaukee	73	2,609,822	24.7	1.092
Kenosha	8	229,461	2.2	1.075
Janesville	9	284,596	2.7	1.072
Wausau	7	227,375	2.2	1.053
Racine	8	305,476	2.9	1.034
Green Bay	17	330,286	3.1	1.032
La Crosse	8	274,243	2.6	1.030
Appleton / Oshkosh	21	570,802	5.4	1.012
Eau Claire	14	299,800	2.8	0.983
Rural	186	4,374,640	41.4	0.950
Sheboygan	11	262,601	2.5	0.937
Total	404	10,556,089	100.0%	

7. The Governor's budget includes a provision to eliminate the statutory requirement that the target for direct care costs be adjusted to reflect regional labor cost variations. Eliminating the labor cost adjustment can be equated to establishing a single labor region for the state and can be represented by using a labor cost index of 1.0 for every facility. The fiscal impact of this change for individual nursing homes can be estimated to some degree by comparing the standardized labor index under the current system to 1.0. If a facility's current index is below 1.0, eliminating the labor cost adjustment could increase the facility's target. The expansion would be proportionately larger, the further the current index is below 1.0. In contrast, facilities that currently have indexes above 1.0 could face a reduction in their target that would be in proportion to the degree their index is above 1.0.

8. However, comparing labor indexes does not provide a complete picture of the estimated effect of the proposal, especially for individual nursing homes. Since the labor cost adjustment only affects the target or maximum limit for reimbursement, a nursing home with below average costs may not be limited by the target, and so, changes in the target may not have any effect on its reimbursement level.

9. A second complication is that, although the labor indexes are centered on 1.0 and a change to a new index will be mainly redistributive, it may not be totally cost neutral in terms of the sum of direct care payments. Since DHFS typically adjusts the formula to spend the amount budgeted for nursing homes, it can be assumed that, if the state moves to a different labor index, DHFS would make other formula adjustments if necessary to ensure that the amount of budgeted funds are expended.

10. Notwithstanding these complicating factors, comparing the relative change in the standardized labor indexes can approximate the potential impact of the Governor's proposal to establish a single, statewide labor region. Attachment 1 lists, by county, four labor indexes: (a) the old labor index, which was used 100% in 1998-99 and partially used in 1999-00 and 2000-01; (b) the labor index used in 2000-01, which is a weighted average of the old labor index (one-third weight) and the Medicare index (two-thirds weight); (c) the Medicare index, which under current law, would be used in 2001-02; and (d) a single labor region (index of 1.0 for all facilities), which, under the Governor's bill, would be used in each year beginning in 2001-02. Attachment 1 includes two columns that list the percentage changes between a single labor region index and: (a) the weighted labor index used in 2000-01; and (b) the Medicare index. These percentage changes indicate the approximate percentage changes in the target that would result by establishing a single labor region from the combination index in 2000-01 and from the Medicare index. Facilities that are constrained by the target would have their direct care payments changed by a similar percentage, while facilities that have costs below the target would not be affected.

11. Table 1 shows that the Governor's proposal to move to a single labor region in 2001-02 from the weighted index in 2000-01 would have significant changes on direct care targets. However, distributional shifts would also occur under the current transition to the Medicare labor index, since in 2000-01 the Medicare index was not fully phased-in. Under any option, except freezing the labor adjustment at the level in 2000-01, which does not reflect any consistent index of labor costs, there will be a significant distributional effect.

12. DHFS has the discretion to modify the nursing home formula within statutory restrictions and could moderate any distributional impact by phasing-in changes.

13. The factor that lead DHFS to shift from the old labor index to the Medicare index was that DHFS had difficulty in updating the index, since adverse movements between labor regions (from high to medium or medium to low) would lead to hold harmless provisions, which retained an area in a higher labor cost region, although the updating would indicate that the area should be in a lower cost region. As shown in Table 1, under the old labor index in the last year of its use, only 12.2% of the facilities were placed in the low labor region.

14. The rationale behind moving to the Medicare hospital wage index, which is used by Medicare for making labor cost adjustments for the Medicare nursing home payment system, is that the Medicare index would be a definitive and objective index that might avoid hold harmless adjustments that distort the labor cost adjustments. It also eliminated the need for DHFS to annually calculate and update a labor cost index. Another advantage of the Medicare index is that, once the

index is fully in place, annual changes would not likely be significant, as under the old index. Since the old index had only three categories, the movement from one category to another would result in a significant change in the labor adjustment, even though the wage level may not have changed that much (an area moving from the low end of the high cost group to the high end of the medium cost group). Under the Medicare index, each area is the same and the labor cost adjustment only changes by the amount of the estimated change in labor costs for that area.

15. One problem with the Medicare index is that all areas outside of SMSAs are classified under one category--balance of state. For nursing homes in some counties, this may not be representative of the level of their costs, and has or will cause a decline in their relative position in the labor cost adjustment. For example, under the old labor index, Jefferson County had a standardized labor index of 1.084. Jefferson County is located between two SMSAs--Milwaukee and Madison, but under the Medicare index is categorized under the balance of the state, which is comprised mainly of rural counties, and has a standardized labor index of 0.95 under Medicare. One might expect that the wage level in Jefferson County is higher than other counties that are not adjacent to two SMSAs, and nursing home operators in that county believe that the Medicare index is not fairly representing the level of costs in that area.

16. A second criticism that is made of the Medicare Index is that it is based on hospital wage rates, rather than nursing home wage rates. Medicare justifies the use of a hospital wage index on the argument that hospitals and nursing home employees represent the same labor market pool, since a nurse aide or nurse might be employed by either type of institution. However, although hospitals and nursing homes may have a number of similar occupations, there may be differences since the composition of those occupations are different and market conditions may be different for each type of type of occupation. For example, the relative number of nurses in hospitals is much higher than in nursing homes, and thus, variations in market conditions for nurses has a greater effect on hospital costs than nursing home costs.

17. HCFA is currently developing a wage index for nursing homes, and recently published the results of a nursing home wage index. However, HCFA found the nursing home index results to be unreliable, and at this point, HCFA is proposing that the hospital wage index be used for Medicare nursing home payments for the coming federal fiscal year. However, Medicare will work to improve the nursing home wage index, and when its reliability is improved, may used it for nursing home payments.

18. The Bureau of Labor Statistics (BLS) in the U.S. Department of Labor conducts an annual occupational survey which collects wages by region for various occupations. Included in the occupations are the following three health care service groups: (a) nurse aides, orderlies and attendants; (b) licensed practical nurses; and (c) registered nurses. Wage levels are published for the same regions as used by the Medicare hospital wage index. The wage data for each occupation is collected for all industries that employ these types of workers. Table 2 compares an index based on this wage data for regions in Wisconsin. The computed index is based on a weighted average of the regional wages for the three occupational categories, with the weights based on the relative employment pattern between RNs, LPNs and nurse aides in an average nursing home in Wisconsin.

It is interesting to note that the wage index based on the BLS data has a couple of marked differences with the Medicare hospital wage index.

TABLE 2

Comparison of the Medicare Hospital Wage Index and A Nursing Home Wage Index Based On Occupational Survey

Region	Medicare Index	Nursing Home Index Based On Occupational Survey	Percent Change
Minneapolis	1.23	1.24	0.3%
Madison	1.15	1.07	-7.2
Duluth/Superior	1.12	1.13	0.8
Milwaukee	1.09	1.07	-1.6
Kenosha	1.08	0.97	-9.7
Janesville/Beloit	1.07	1.02	-4.4
Wausau	1.05	1.05	-0.3
Racine	1.03	1.04	0.8
Green Bay	1.03	1.05	1.6
LaCrosse	1.03	1.00	-3.0
Appleton/Oshkosh	1.01	1.02	0.4
Eau Claire	0.98	1.01	2.4
Balance of State	0.95	0.97	2.0
Sheboygan	0.94	1.01	8.1

19. One alternative to using the Medicare hospital wage index is to compute an index based on the occupational wage data from the annual occupational employment survey (OES). This would allow DHFS to use an index that is based on a composition of nurse aides, LPNs and RNs that would reflect the pattern used in a nursing home. It would not require significant administration by DHFS and would provide an objective set of wage data. However, as with the Medicare index, all areas in the state that are not part of the 13 SMSAs would be placed in one category -- balance of state. While it is possible to assemble the wage data by county, such an estimate may not be reliable, since the number of observations would be too small in a number of cases and the sample was designed for the current categories.

20. The Federal Department of Labor, however, uses the OES data to compute five sub-regions within the balance of the state. The OES wage estimates for these five regions are used for determining the prevailing wage for alien labor certification (ALC). Federal rules prohibit an employer from hiring an alien at a wage rate below the prevailing rate.

Attachment 2 illustrates the five regions used for the ALC, while Table 3 shows the price

indexes for each of the five regions that are similar to the ones listed in Table 2 based on OES data. It should be noted that the BLS does not sanction the use of OES data for subregions of the areas used by the BLS. Also, program restrictions prevented the generation of wage estimates for registered nurses in three of the regions. This may be due to several reasons, such as confidentiality concerns or protocols that indicate unreliability in the estimate. In these three cases, the wage for RNs was set at the balance of state average to compute the estimates in Table 3. Although it might be expected that Region 2 -- West and Region 4 -- South would have high wage levels, it is somewhat surprising that the indexes are higher than adjacent SMSAs.

TABLE 3

A Nursing Home Wage Index Based On OES Survey Data
Balance of State Divided Into Alien Labor Certification Regions

Region	Wage Index
Balance of State	0.97
Region 1 - Northwest	0.96
Region 2- West	1.08
Region 3 - Central	0.95
Region 4 - South	1.10
Region 5 - Pennisula	0.97

Attachment 2 illustrates the member counties of each of the five regions

21. Another alternative is to compute an index from the information supplied in required nursing home cost reports. Since every nursing home that receives MA reimbursement must supply this cost report, the index would include wage information from most nursing homes in the state. Under this option, there would be the opportunity to compute an index for parts of the Medicare balance of state region. However, it may not be possible to build a reliable index for every county in the state.

22. One limiting factor in establishing geographical areas for a price index is that if the area is not very populated, it may be difficult to determine the general wage level of that area for nursing homes since there may be few nursing homes, and an unusual case may distort the results. For example, if the county has a large county-owned nursing home and only a few small private homes, the labor index may be dominated by the particular wage level in that county-owned nursing home, and may not be reflective of the general wage level in that county. As a result, a labor cost index for each county may be unreliable in less-populated counties.

23. Although developing and using a county-by-county index may be problematic, it may be possible to produce a reliable index for groups of counties that currently are in the balance

of state category under Medicare. However, the index for a specific county may be affected by the grouping of counties. Since there may be insufficient data to objectively determine what grouping of counties would be appropriate, the grouping of some counties would be somewhat arbitrary. There are 186 nursing facilities in the balance of the state area. If the balance of the state were divided into four or five regions, that would allow each region to have at least 30 facilities for the basis of a wage index.

24. The nursing home cost reports include data both on payroll expenditures and employee hours. The salary expenditure levels are audited, but currently the number of employee hours is not audited. As a result, there would be some uncertainty on the reliability of wage rates that would be calculated from the nursing home cost reports. Another drawback of using the nursing home cost reports for a cost index is that in several SMSAs, there are a limited number of nursing facilities. As can be seen in Table 1, Duluth/Superior, La Crosse, Wausau, Racine, Janesville/Beloit and Kenosha regions have 9 or fewer facilities. In the Janesville/Beloit SMSA, the Rock County nursing home makes up 34% of the nursing home patient days in that area. A cost index based only on nursing home cost reports would be heavily influenced by the wage rates of one facility.

25. Although regional wage indexes may be deficient in certain respects and may not accurately represent the wage level in all counties, there would be drawbacks to not having any labor adjustments. Wage levels do vary by region, and as a result, regions with higher wage levels would be disadvantaged by a system without regional adjustments. Although a facility may be efficient in its use of staff, high wage levels in its area increase a facility's salary costs and may push that facility's direct care costs above the target, and as a result, part of that facility's costs may not be reimbursed simply because it was located in a high wage area.

26. Table 4 compares the wage costs for a hypothetical nursing home that serves 92 residents (average for Wisconsin) and employs the average number of RNs, LPNs and nurse aides given the number of residents. Table 4 shows the impact on costs due to varying wage rates for employing the same staff pattern. The wage rates are based on the Bureau of Labor Statistics annual OES survey for 1999. Table 4 indicates the cost variations can be significant.

TABLE 4

Comparison of Projected Wage Costs By Labor Region
For an Average Wisconsin Nursing Home

Region	Wage Costs for Same Staffing Pattern	Difference from Wisconsin Average	Percent Change From Wisconsin Average
Minneapolis	$2,099,948	$359,504	20.7%
Madison	1,811,916	71,472	4.1
Duluth/Superior	1,922,246	181,802	10.4
Milwaukee	1,825,381	84,937	4.9
Kenosha	1,650,475	-89,969	-5.2
Janesville/Beloit	1,741,283	839	0.0
Wausau	1,784,707	44,262	2.5
Racine	1,770,682	30,238	1.7
Green Bay	1,782,330	41,886	2.4
LaCrosse	1,697,906	-42,538	-2.4
Appleton/Oshkosh	1,726,047	-14,397	-0.8
Eau Claire	1,710,020	-30,425	-1.7
Balance of State	1,647,027	-93,417	-5.4
Sheboygan	1,721,528	-18,916	-1.1
Wisconsin	$1,740,444		

27. If the Committee retains the requirement for a labor cost adjustment, a provision that would help to avoid any large changes in a single year would be to require that the Department annually update the index and use a three-year rolling average for the labor cost index. Although this would stabilize the adjustment, a nursing home in an area with rising costs would have to wait several years before the higher wage costs are fully recognized.

ALTERNATIVES TO BASE

1. Approve the Governor's recommendation to eliminate the requirement that DHFS establish standards (targets) for payment of allowable direct care costs that are adjusted by DHFS for regional labor cost variations.

2. Delete the Governor's recommendation to eliminate the requirement for regional labor cost adjustments for the direct care target.

3. Delete the Governor's recommendation to eliminate the requirement for regional labor cost adjustments for the direct care target. In addition, create one or more of the following statutory requirements:

a. Require that the wage index used by HCFA for Medicare nursing home payments be used for adjusting the target for direct care.

b. Require that the labor cost adjustment that is required for the direct care target be based on the wage levels for nurses and nurse aides, as reported by the annual OES survey conducted by the Bureau of Labor Statistics.

c. Modify (b) by requiring that the balance-of-state be divided into the same five regions as used by the U.S. Department of Labor for determination of the prevailing wage used for alien labor certification.

d. Require DHFS to use the annual nursing home cost report as the basis for constructing the labor cost adjustment.

e. Require DHFS to annually update the labor cost adjustment, and beginning in 2002-03, require DHFS to use a three-year rolling average of the labor cost adjustment.

f. Require DHFS to construct the labor cost adjustment on the basis of the following areas: (a) each of the 13 SMSA areas used by the Medicare hospital wage index: and (b) at least four but no more than five regions from the remaining counties, which must be made up of whole counties that are contiguous to at least one other county in the same labor region.

g. Require DHFS to submit for review and approval a plan to the Joint Committee on Finance that recommends a method to adjust the direct care target for regional differences in labor costs. Specify that DHFS submit the plan within 30 days of the bill's general effective date under a 14-day passive review process.

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Attachments

ATTACHMENT 1

Comparison of Labor Cost Indexes by County

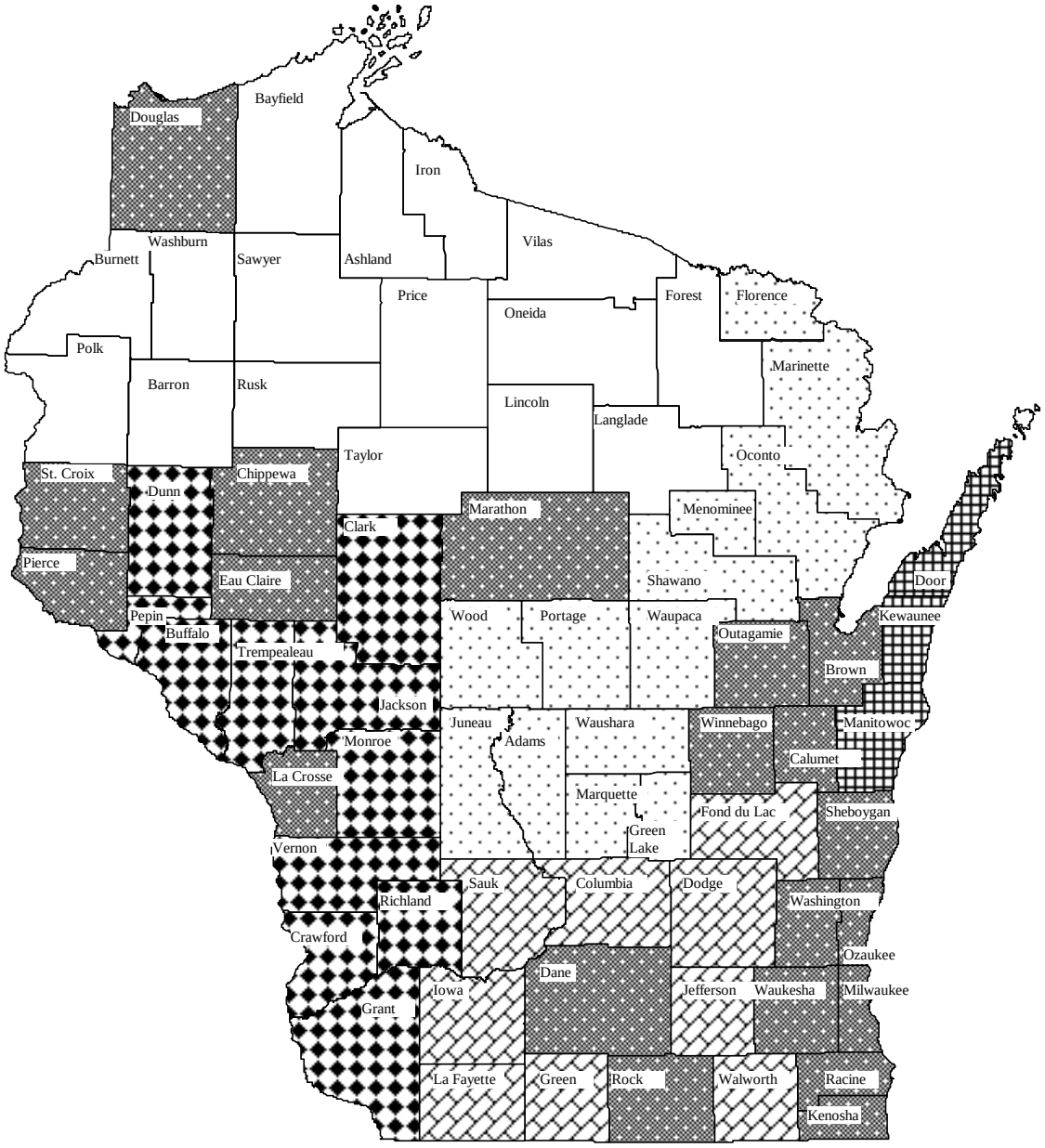
County	Old Labor Index (Used 100% in 1998-99)	Weighted Index (1/3 Old & 2/3 Medicare Used in 2000-01)	Medicare Index (Would be used 100% in 2001-02 under Current Law)	Single Labor Region Proposed for 2001-02	% Change Single Labor Region from 2000-01 Weighted	% Change Single Labor from Medicare	% Change Medicare from 2000-01 Weighted
Adams	1.084	0.995	0.950	1.000	0.5%	5.3%	-4.5%
Ashland	0.927	0.942	0.950	1.000	6.1	5.3	0.8
Barron (547XX zip code)	0.970	0.957	0.950	1.000	4.5	5.3	-0.7
Barron (548XX zip code)	0.927	0.942	0.950	1.000	6.1	5.3	0.8
Bayfield	0.927	0.942	0.950	1.000	6.1	5.3	0.8
Brown	0.970	1.011	1.032	1.000	-1.1	-3.1	2.0
Buffalo (547XX zip code)	0.970	0.957	0.950	1.000	4.5	5.3	-0.7
Buffalo (548XX zip code)	0.927	0.942	0.950	1.000	6.1	5.3	0.8
Burnett	0.927	0.942	0.950	1.000	6.1	5.3	0.8
Calumet	0.970	0.998	1.012	1.000	0.2	-1.2	1.4
Chippewa	0.970	0.979	0.983	1.000	2.2	1.7	0.4
Clark	0.970	0.957	0.950	1.000	4.5	5.3	-0.7
Columbia	1.084	0.995	0.950	1.000	0.5	5.3	-4.5
Crawford	0.927	0.942	0.950	1.000	6.1	5.3	0.8
Dane	1.084	1.127	1.149	1.000	-11.3	-13.0	1.9
Dodge	1.084	0.995	0.950	1.000	0.5	5.3	-4.5
Door	0.970	0.957	0.950	1.000	4.5	5.3	-0.7
Douglas	0.927	1.057	1.122	1.000	-5.4	-10.9	6.1
Dunn	0.970	0.957	0.950	1.000	4.5	5.3	-0.7
Eau Claire	0.970	0.979	0.983	1.000	2.2	1.7	0.4
Florence	0.970	0.957	0.950	1.000	4.5	5.3	-0.7
Fond du Lac (530XX zip code)	1.084	0.995	0.950	1.000	0.5	5.3	-4.5
Fond du Lac (549XX zip code)	0.970	0.957	0.950	1.000	4.5	5.3	-0.7
Forest	0.927	0.942	0.950	1.000	6.1	5.3	0.8
Grant (535XX zip code)	1.084	0.995	0.950	1.000	0.5	5.3	-4.5
Grant (538XX zip code)	0.927	0.942	0.950	1.000	6.1	5.3	0.8
Green	1.084	0.995	0.950	1.000	0.5	5.3	-4.5
Green Lake (549XX zip code)	0.970	0.957	0.950	1.000	4.5	5.3	0.7
Green Lake (539XX zip code)	1.084	0.995	0.950	1.000	0.5	5.3	-4.5
Iowa	1.084	0.995	0.950	1.000	0.5	5.3	-4.5
Iron	0.927	0.942	0.950	1.000	6.1	5.3	0.8
Jackson	0.927	0.942	0.950	1.000	6.1	5.3	0.8
Jefferson	1.084	0.995	0.950	1.000	0.5	5.3	-4.5
Juneau	1.084	0.995	0.950	1.000	0.5	5.3	-4.5
Kenosha	0.970	1.040	1.075	1.000	-3.8	-7.0	3.4

County	Old Labor Index (Used 100% in 1998-99)	Weighted Index (1/3 Old & 2/3 Medicare Used in 2000-01)	Medicare Index (Would be used 100% in 2001-02 under Current Law)	Single Labor Region Proposed for 2001-02	% Change Single Labor Region from 2000-01 Weighted	% Change Single Labor from Medicare	% Change Medicare from 2000-01 Weighted
Kewaunee	0.970	0.957	0.950	1.000	4.5%	5.3%	-0.7%
LaCrosse	0.970	1.010	1.030	1.000	-1.0	-2.9	2.0
Lafayette	1.084	0.995	0.950	1.000	0.5	5.3	-4.5
Langlade	0.970	0.957	0.950	1.000	4.5	5.3	-0.7
Lincoln	0.970	0.957	0.950	1.000	4.5	5.3	-0.7
Manitowoc	0.970	0.957	0.950	1.000	4.5	5.3	-0.7
Marathon	0.970	1.025	1.053	1.000	-2.5	-5.0	2.7
Marinette	0.970	0.957	0.950	1.000	4.5	5.3	-0.7
Marquette	1.084	0.995	0.950	1.000	0.5	5.3	-4.5
Menominee	0.970	0.957	0.950	1.000	4.5	5.3	-0.7
Milwaukee	1.084	1.089	1.092	1.000	-8.2	-8.4	0.2
Monroe	0.927	0.942	0.950	1.000	6.1	5.3	0.8
Oconto	0.970	0.957	0.950	1.000	4.5	5.3	-0.7
Oneida	0.927	0.942	0.950	1.000	6.1	5.3	0.8
Outagamie	0.970	0.998	1.012	1.000	0.2	-1.2	1.4
Ozaukee	1.084	1.089	1.092	1.000	-8.2	-8.4	0.2
Pepin	0.970	0.957	0.950	1.000	4.5	5.3	-0.7
Pierce	1.084	1.183	1.232	1.000	-15.4	-18.8	4.2
Polk (540XX zip code)	1.084	0.995	0.950	1.000	0.5	5.3	-4.5
Polk (548XX zip code)	0.927	0.942	0.950	1.000	6.1	5.3	0.8
Portage	0.970	0.957	0.950	1.000	4.5	5.3	-0.7
Price	0.927	0.942	0.950	1.000	6.1	5.3	0.8
Racine	1.084	1.051	1.034	1.000	-4.8	-3.3	-1.6
Richland	1.084	0.995	0.950	1.000	0.5	5.3	-4.5
Rock	0.970	1.038	1.072	1.000	-3.7	-6.7	3.3
Rusk	0.927	0.942	0.950	1.000	6.1	5.3	0.8
St. Croix	1.084	1.183	1.232	1.000	-15.4	-18.8	4.2
Sauk	1.084	0.995	0.950	1.000	0.5	5.3	-4.5
Sawyer	0.927	0.942	0.950	1.000	6.1	5.3	0.8
Shawano	0.970	0.957	0.950	1.000	4.5	5.3	-0.7
Sheboygan	1.084	0.986	0.937	1.000	1.4	6.7	-5.0
Taylor	0.970	0.957	0.950	1.000	4.5	5.3	-0.7
Trempealeau (547XX zip code)	0.970	0.957	0.950	1.000	4.5	5.3	-0.7
Trempealeau (546XX zip code)	0.927	0.942	0.950	1.000	6.1	5.3	0.8
Vernon	0.927	0.942	0.950	1.000	6.1	5.3	0.8
Vilas	0.927	0.942	0.950	1.000	6.1	5.3	0.8
Walworth	1.084	0.995	0.950	1.000	0.5	5.3	-4.5
Washburn	0.927	0.942	0.950	1.000	6.1	5.3	0.8
Washington	1.084	1.089	1.092	1.000	-8.2	-8.4	0.2
Waukesha	1.084	1.089	1.092	1.000	-8.2	-8.4	0.2

County	Old Labor Index (Used 100% in 1998-99)	Weighted Index (1/3 Old & 2/3 Medicare Used in 2000-01)	Medicare Index (Would be used 100% in 2001-02 under Current Law)	Single Labor Region Proposed for 2001-02	% Change Single Labor Region from 2000-01 Weighted	% Change Single Labor from Medicare	% Change Medicare from 2000-01 Weighted
Waupaca	0.970	0.957	0.950	1.000	4.5%	5.3%	-0.7%
Waushara	0.970	0.957	0.950	1.000	4.5	5.3	-0.7
Winnebago	0.970	0.998	1.012	1.000	0.2	-1.2	1.4
Wood	0.970	0.957	0.950	1.000	4.5	5.3	-0.7

ATTACHMENT 2

Alien Labor Certification Regions



SMSAs

Region 2 -- West

Region 4 -- South

Region 1 -- Northwest

Region 3 -- Central

Region 5 -- Penninsula