Richard Durbin

UNITED STATES SENATOR ■ ILLINOIS

FAX

TO: Chris Jennings / Jene Lambrew

OFFICE:

FAX NO: (______) ____________________

FROM: Anne Marie Murphy, Ph. D

PHONE: (202) 224-2152

DATE: Aug

PAGES *(including this cover sheet)*: 13

NOTE: Illinois Hospital Data re BBA

They are working on the other data you requested

364 Russell Senate Office Building • Washington, D.C. 20510 • (202) 224-2152 (202) 228-0400-fax

Illinois Hospitals Data on the Impact of the BBA

Contact: Barb Filliung: 630-505-7777 ext 286

Assumptions:
Constant Volume and constant case mix

Inflation assumption is the AHA estimate for market basket
BBA Impact = Pre-BBA law rates with inflation adjusters - BBA rate

IHHA

BBA' Impact on Medicare Payments

TOTALS--STATE OF ILLINOIS

	FY '98	FY '99	FY '00	FY '01	FY '02	5 Year Total
1. Inpatient PPS						
a) DRG Payments	76,442,286	153,591,659	206,345,033	241,814,240	279,137,191	957,330,409
i) Transfer Provision		28,895,343	29,155,401	29,855,130	30,541,798	118,447,673
b) IME Payments	33,989,030	67,802,100	84,018,928	109,357,731	114,724,739	399,902,528
i) Applied to Outliers	14,983,157	13,602,870	12,366,245	11,242,041	10,220,037	62,394,350
c) DSH Payments	7,508,442	13,695,842	19,991,353	26,003,044	33,753,994	100,952,675
i) Applied to Outliers	9,292,224	9,106,379	8,833,189	8,479,860	8,055,867	43,767,519
d) Outlier Payments	5,155,174	6,081,662	6,867,082	7,448,037	8,065,006	33,596,941
2. Inpatient Capital	60,372,958	60,614,388	60,775,690	60,978,559	61,222,687	303,964,282
3. Bad Debt	22,510,485	36,861,160	42,528,552	43,634,393	44,856,140	190,410,730
4. Outpatient	59,416,968	60,843,090	107,244,643	116,759,791	126,856,128'	471,117,619
5. PPS-Exempt Unit						
a) Distinct-Part Psychiatric Unit	3,274,139	4,807,892	6,395,971	8,176,739	10,095,870	32,750,611
b) Distinct-Part Rehabilitation Unit	3,339,310	4,903,590	6,523,279	8,339,493	10,296,823	33,402,495
c) TEFRA Inpatient Capital --Psych	2,086,388	2,098,739	2,103,029	2,109,334	2,117,782	10,515,272
d) TEFRA Inpatient Capital --Rehab	1,705,751	1,712,572	1,717,710	1,722,859	1,729,759	8,588,650
BBA Total Impact to Medicare Payments	**300,068,312**	**454,615,286**	**594,866,085**	**676,918,252**	**741,873,818**	**2,767,141,752**

Note: Above Does Not Include 5-Year Impact of BBA on Skilled Nursing Facilities and Home Health Agencies estimated to be over $300 million statewide

Source: Medicare Cost Report PPS 13 compiled by Illinois Hospital & HealthSystems Association

BBA's Impact on Medicare Payments

LARGE URBAN

	FY '98	FY '99	FY '00	FY '01	FY '02	5 Year Total
1. Inpatient PPS						
a) DRG Payments	53,168,870	106,865,713	143,570,359	188,249,053	194,217,547	688,099,541
i) Transfer Provision		23,678,278	23,891,382	24,464,776	25,027,465	97,061,901
b) IME Payments	30,098,421	51,170,636	74,379,694	96,811,440	101,562,707	354,022,699
i) Applied to Outliers	13,149,418	11,954,016	10,667,288	9,679,352	8,981,230	54,831,304
c) DSH Payments	6,656,647	12,142,117	17,723,434	23,053,129	29,924,773	89,500,100
i) Applied to Outliers	8,012,447	7,852,198	7,616,632	7,311,967	6,946,369	37,739,614
d) Outlier Payments	3,574,664	4,203,235	4,761,710	5,164,565	5,592,379	23,296,554
2. Inpatient Capital	43,339,195	43,512,508	43,628,334	43,773,930	43,949,179	218,203,145
3. Bad Debt	16,654,666	27,614,672	31,843,142	32,871,138	33,585,917	142,569,535
4. Outpatient	38,444,860	39,387,610	72,397,358	78,600,144	85,169,752	313,999,722
5. PPS-Exempt Unit						
a) Distinct-Part Psychiatric Unit	2,746,545	4,033,149	5,365,325	6,859,141	8,469,023	27,473,183
b) Distinct-Part Rehabilitation Unit	2,685,632	3,943,701	5,246,332	6,707,016	8,281,198	26,863,879
c) TEFRA Inpatient Capital --Psych	1,708,771	1,715,604	1,720,761	1,725,910	1,732,822	8,603,857
d) TEFRA Inpatient Capital --Rehab	1,361,727	1,367,172	1,371,274	1,376,385	1,380,893	6,856,449
BBA Total Impact to Medicare Payments	221,819,864	339,420,610	444,383,004	506,646,947	554,841,260	2,067,111,675

Note: Above Does Not Include 5-Year Impact of BBA on Skilled Nursing Facilities and Home Health Agencies estimated to be over $300 million statewide

Source: Medicare Cost Report PPS 13 compiled by Illinois Hospital & HealthSystems Association

IHHA

BBA' Impact on Medicare Payments

OTHER URBAN

	FY '98	FY '99	FY '00	FY '01	FY '02	5 Year Total
1. Inpatient PPS						
a) DRG Payments	13,876,622	27,881,602	37,457,958	43,898,711	50,671,971	173,784,864
i) Transfer Provision		3,349,089	3,379,231	3,460,332	3,539,920	13,728,571
b) IME Payments	3,763,877	6,433,008	9,350,775	12,170,623	12,768,136	44,506,620
i) Applied to Outliers	1,790,490	1,627,719	1,479,744	1,345,222	1,222,929	7,466,104
c) DSH Payments	811,482	1,460,154	2,180,531	2,810,234	3,647,905	10,910,286
i) Applied to Outliers	1,241,198	1,216,372	1,179,881	1,132,688	1,076,052	5,846,187
d) Outlier Payments	394,026	483,312	524,871	569,277	616,434	2,567,920
2. Inpatient Capital	10,550,633	10,592,825	10,620,992	10,656,467	10,699,130	53,120,047
3. Bad Debt	2,815,095	4,612,249	5,318,495	5,456,788	5,609,576	23,812,203
4. Outpatient	11,038,875	11,303,830	17,795,837	19,529,010	21,366,397	81,033,949
5. PPS-Exempt Unit						
a) Distinct-Part Psychiatric Unit	364,751	535,616	712,534	910,918	1,124,716	3,648,535
b) Distinct-Part Rehabilitation Unit	538,732	791,098	1,052,402	1,345,412	1,661,189	5,388,833
c) TEFRA Inpatient Capital --Psych	267,167	268,236	269,040	269,847	270,928	1,345,217
d) TEFRA Inpatient Capital --Rehab	303,680	304,895	305,809	306,728	307,954	1,529,064
BBA Total Impact to Medicare Payments	47,776,607	70,860,004	91,508,101	103,860,453	114,583,237	428,588,402

Note: Above Does Not Include 5-Year Impact of BBA on Skilled Nursing Facilities and Home Health Agencies estimated to be over $300 million statewide

Source: Medicare Cost Report PPS 13 compiled by Illinois Hospital & HealthSystems Association

AUG 24 '99 10:42AM ILL HOSP HLTHSYS ASC

IHHA

BBA's Impact on Medicare Payments

RURAL

	FY '98	FY '99	FY '00	FY '01	FY '02	5 Year Total
1. Inpatient PPS						
a) DRG Payments	9,378,795	18,844,343	25,316,716	29,668,477	34,247,673	117,456,004
i) Transfer Provision		1,867,976	1,884,768	1,930,023	1,974,413	7,657,200
b) IME Payments	116,732	198,457	288,469	375,457	393,894	1,373,019
i) Applied to Outliers	23,248	21,135	19,213	17,467	15,879	96,942
c) DSH Payments	40,333	73,570	107,388	139,681	181,317	542,288
i) Applied to Outliers	38,580	37,809	36,874	35,207	33,447	1[illegible],719
d) Outlier Payments	1,186,464	1,395,115	1,580,481	1,714,194	1,856,193	7,732,467
2. Inpatient Capital	6,483,130	6,509,056	6,528,364	6,548,162	6,574,378	32,641,090
3. Bad Debt	2,840,724	4,854,239	5,388,915	5,508,467	5,650,646	24,028,992
4. Outpatient	9,933,233	10,171,650	17,051,449	18,627,637	20,299,977	76,083,947
5. PPS-Exempt Unit						
a) Distinct-Part Psychiatric Unit	162,843	239,127	318,112	408,660	502,131	1,628,893
b) Distinct-Part Rehabilitation Unit	114,946	168,792	224,545	287,062	354,438	1,149,782
c) TEFRA Inpatient Capital --Psych	112,450	112,899	113,236	113,576	114,032	566,197
d) TEFRA Inpatient Capital --Rehab	40,344	40,505	40,627	40,749	40,912	203,138
BBA Total Impact to Medicare Payments	**30,471,641**	**44,334,672**	**58,874,980**	**65,410,852**	**72,249,330**	**271,341,675**

Note: Above Does Not Include 5-Year Impact of BBA on Skilled Nursing Facilities and Home Health Agencies estimated to be over $300 million statewide

Source: Medicare Cost Report PPS 13 compiled by Illinois Hospital & HealthSystems Association

IHHA

BBA's Impact on Medicare Payments

LESS THAN 100 BEDS

	FY '98	FY '99	FY '00	FY '01	FY '02	5 Year Total
1. Inpatient PPS						
a) DRG Payments	4,264,564	8,568,576	11,511,582	13,490,340	15,572,514	53,407,576
i) Transfer Provision		835,707	843,229	863,466	883,326	3,425,728
b) IME Payments	23,635	40,521	58,900	76,664	80,426	280,346
i) Applied to Outliers	924	840	764	694	631	3,853
c) DSH Payments	59,518	106,741	155,806	202,660	263,068	786,793
i) Applied to Outliers	30	29	29	27	26	141
d) Outlier Payments	295,102	346,993	393,098	426,355	461,673	1,923,221
2. Inpatient Capital	2,739,823	2,750,760	2,758,094	2,767,306	2,778,385	13,794,369
3. Bad Debt	1,341,435	2,197,806	2,534,343	2,600,241	2,673,047	11,346,872
4. Outpatient	4,628,689	4,737,739	9,972,398	10,739,033	11,565,103	41,630,960
5. PPS-Exempt Unit						
a) Distinct-Part Psychiatric Unit	24,329	35,728	47,527	60,760	75,020	243,362
b) Distinct-Part Rehabilitation Unit	0	0	0	0	0	0
c) TEFRA Inpatient Capital – Psych	7,482	7,512	7,534	7,557	7,587	37,672
d) TEFRA Inpatient Capital – Rehab	0	0	0	0	0	0
BBA Total Impact to Medicare Payments	13,382,732	19,628,971	28,283,301	31,235,103	34,350,806	126,880,914

Note: Above Does Not Include 5-Year Impact of BBA on Skilled Nursing Facilities and Home Health Agencies estimated to be over $300 million statewide

Source: Medicare Cost Report PPS 13 compiled by Illinois Hospital & HealthSystems Association

IHHA

BBA's Impact on Medicare Payments

100 TO 299 BEDS

	FY '98	FY '99	FY '00	FY '01	FY '02	5 Year Total
1. Inpatient PPS						
a) DRG Payments	34,258,032	68,820,933	92,469,268	108,364,085	125,089,572	429,007,888
i) Transfer Provision		15,688,363	15,728,656	16,106,146	16,476,587	63,889,753
b) IME Payments	5,345,337	9,087,662	13,209,478	17,193,252	18,037,054	62,872,782
i) Applied to Outliers	1,591,431	1,446,755	1,316,232	1,195,665	1,086,969	6,636,052
c) DSH Payments	3,844,584	6,647,938	9,703,765	12,621,830	16,384,127	49,002,242
i) Applied to Outliers	2,864,726	2,827,033	2,742,222	2,632,534	2,500,907	13,567,424
d) Outlier Payments	2,663,232	3,131,535	3,647,615	3,847,754	4,168,489	17,358,625
2. Inpatient Capital	26,288,769	26,393,918	26,484,102	26,552,492	26,658,785	132,358,096
3. Bad Debt	10,981,194	17,958,612	20,708,737	21,247,213	21,842,127	92,718,083
4. Outpatient	25,986,799	26,580,053	43,798,431	47,907,387	52,264,930	196,528,601
5. PPS-Exempt Unit						
a) Distinct-Part Psychiatric Unit	1,379,797	2,026,165	2,695,407	3,445,663	4,254,629	13,801,651
b) Distinct-Part Rehabilitation Unit	1,070,687	1,572,244	2,091,567	2,673,902	3,301,483	10,709,882
c) TEFRA Inpatient Capital --Psych	876,244	879,748	882,387	885,032	888,577	4,411,987
d) TEFRA Inpatient Capital --Rehab	569,103	571,379	573,093	574,811	577,113	2,865,501
BBA Total Impact to Medicare Payments	**117,497,967**	**183,550,525**	**235,930,960**	**265,247,946**	**293,629,369**	**1,095,756,747**

Note: Above Does Not Include 5-Year Impact of BBA on Skilled Nursing Facilities and Home Health Agencies estimated to be over $300 million statewide

Source: Medicare Cost Report PPS 13 compiled by Illinois Hospital & HealthSystems Association

BBA's Impact on Medicare Payments

300 BEDS AND OVER

	FY '98	FY '99	FY '00	FY '01	FY '02	5 Year Total
1. Inpatient PPS						
a) DRG Payments	37,921,690	78,194,150	102,384,185	119,959,835	138,475,105	474,914,966
i) Transfer Provision		12,471,273	12,583,514	12,885,519	13,181,886	51,122,191
b) IME Payments	28,629,859	48,673,917	70,750,550	92,087,815	96,607,258	336,749,400
i) Applied to Outliers	13,370,802	12,155,275	11,050,250	10,045,691	9,132,438	55,754,445
c) DSH Payments	3,805,340	6,941,164	10,131,782	13,178,554	17,106,799	51,163,639
i) Applied to Outliers	6,407,468	6,279,317	6,090,937	5,847,300	5,554,935	30,179,953
d) Outlier Payments	2,196,640	2,583,134	2,926,349	3,173,928	3,436,844	14,317,095
2. Inpatient Capital	31,344,345	31,469,691	31,553,494	31,658,761	31,785,506	157,811,797
3. Bad Debt	10,207,856	16,724,543	19,285,472	19,786,939	20,340,965	86,345,775
4. Outpatient	28,823,479	29,515,298	53,472,817	58,110,371	63,038,093	232,958,058
5. PPS-Exempt Unit						
a) Distinct-Part Psychiatric Unit	1,870,013	2,746,011	3,653,036	4,670,116	5,766,221	18,705,397
b) Distinct-Part Rehabilitation Unit	2,288,623	3,331,348	4,431,712	5,685,591	6,995,340	22,692,612
c) TEFRA Inpatient Capital –Psych	1,204,662	1,209,479	1,213,108	1,216,745	1,221,618	6,065,613
d) TEFRA Inpatient Capital –Rehab	1,136,647	1,141,192	1,144,616	1,148,048	1,152,645	5,723,149
BBA Total Impact to Medicare Payments	**169,187,622**	**251,435,790**	**330,651,823**	**379,435,203**	**413,793,653**	**1,544,504,091**

Note: Above Does Not Include 5-Year Impact of BBA on Skilled Nursing Facilities and Home Health Agencies estimated to be over $300 million statewide

Source: Medicare Cost Report PPS 13 compiled by Illinois Hospital & HealthSystems Association

IHHA

BBA's Impact on Medicare Payments

TERTIARY CARE TEACHING

	FY '98	FY '99	FY '00	FY '01	FY '02	5 Year Total
1. Inpatient PPS						
a) DRG Payments	22,565,083	45,338,889	60,911,220	71,381,405	82,398,812	282,595,409
i) Transfer Provision		9,524,931	9,610,855	9,841,311	10,067,661	39,044,559
b) IME Payments	27,281,168	46,380,994	67,417,844	87,749,756	92,058,298	320,885,860
i) Applied to Outliers	12,490,949	11,355,408	10,323,098	9,384,635	8,531,486	52,085,576
c) DSH Payments	3,007,995	5,468,761	8,008,839	10,417,211	13,522,358	40,443,163
i) Applied to Outliers	5,484,519	5,374,829	5,213,584	5,005,040	4,754,788	25,832,760
d) Outlier Payments	0	0	0	0	0	0
2. Inpatient Capital	19,675,091	19,753,771	19,806,421	19,872,452	19,952,011	99,059,745
3. Bad Debt	6,539,087	10,713,635	12,354,149	12,675,386	13,030,291	55,312,548
4. Outpatient	17,517,095	17,937,539	34,410,340	37,259,356	40,287,888	147,412,216
5. PPS-Exempt Unit						
a) Distinct-Part Psychiatric Unit	1,035,772	1,620,973	2,023,361	2,586,705	3,193,821	10,360,632
b) Distinct-Part Rehabilitation Unit	1,208,212	1,771,255	2,356,313	3,012,358	3,719,377	12,065,514
c) TEFRA Inpatient Capital --Psych	687,315	690,063	692,134	694,208	696,889	3,460,708
d) TEFRA Inpatient Capital --Rehab	538,618	540,769	542,392	544,018	546,198	2,711,991
BBA Total Impact to Medicare Payments	**118,028,900**	**176,389,816**	**233,670,149**	**270,423,842**	**292,757,975**	**1,091,270,682**

Note: Above Does Not Include 5-Year Impact of BBA on Skilled Nursing Facilities and Home Health Agencies estimated to be over $300 million statewide

Source: Medicare Cost Report PPS 13 compiled by Illinois Hospital & HealthSystems Association

BBA' Impact on Medicare Payments

PRIMARY CARE TEACHING

	FY '98	FY '99	FY '00	FY '01	FY '02	5 Year Total
1. Inpatient PPS						
a) DRG Payments	15,544,968	31,233,728	41,981,421	49,174,286	56,764,117	194,678,521
i) Transfer Provision		6,273,850	6,330,314	6,482,242	6,631,333	25,717,739
b) IME Payments	6,248,669	10,623,426	15,441,806	20,098,616	21,085,216	73,497,933
i) Applied to Outliers	2,331,154	2,119,231	1,928,573	1,751,430	1,592,209	9,720,598
c) DSH Payments	2,309,703	4,213,198	6,149,861	7,999,215	10,383,609	31,055,875
i) Applied to Outliers	2,231,853	2,187,218	2,121,599	2,036,735	1,934,899	10,512,302
d) Outlier Payments	0	0	0	0	0	0
2. Inpatient Capital	12,483,120	12,533,040	12,566,367	12,606,339	12,658,816	62,849,682
3. Bad Debt	6,080,547	9,962,363	11,487,840	11,786,550	12,116,570	51,433,889
4. Outpatient	11,018,884	11,283,339	17,837,617	19,569,832	21,404,242	81,112,893
5. PPS-Exempt Unit						
a) Distinct-Part Psychiatric Unit	914,951	1,343,556	1,787,340	2,284,972	2,821,289	9,152,089
b) Distinct-Part Rehabilitation Unit	1,041,352	1,529,168	2,034,262	2,600,842	3,211,028	10,416,452
c) TEFRA Inpatient Capital --Psych	491,363	493,327	494,807	496,291	498,278	2,474,066
d) TEFRA Inpatient Capital --Rehab	576,210	578,514	580,249	581,988	584,320	2,901,281
BBA Total Impact to Medicare Payments	**61,272,843**	**94,373,953**	**120,720,058**	**137,470,339**	**151,685,807**	**585,523,101**

Note: Above Does Not Include 5-Year Impact of BBA on Skilled Nursing Facilities and Home Health Agencies estimated to be over $300 million statewide

Source: Medicare Cost Report PPS 13 compiled by Illinois Hospital & HealthSystems Association

IHHA

BBA's Impact on Medicare Payments

NON -TEACHING

	FY '98	FY '99	FY '00	FY '01	FY '02	5 Year Total
1. Inpatient PPS						
a) DRG Payments	38,332,235	77,019,042	103,472,391	121,258,548	139,974,262	480,056,478
i) Transfer Provision		13,096,562	13,214,431	13,531,578	13,842,804	53,685,375
b) IME Payments	469,193	797,661	1,159,478	1,509,159	1,583,224	5,518,735
i) Applied to Outliers	141,054	128,231	116,574	105,976	96,342	588,177
c) DSH Payments	2,190,655	3,995,983	5,832,654	7,586,619	9,848,027	29,453,637
i) Applied to Outliers	1,575,852	1,544,335	1,498,005	1,438,085	1,366,180	7,422,457
d) Outlier Payments	5,155,174	6,061,662	6,867,062	7,448,037	8,065,006	33,596,941
2. Inpatient Capital	28,214,746	28,327,577	28,402,903	28,497,769	28,611,660	142,054,654
3. Bad Debt	9,890,851	16,205,163	18,686,563	19,172,457	19,709,279	83,664,313
4. Outpatient	30,881,009	31,622,213	54,996,687	59,928,603	65,163,998	242,592,509
5. PPS-Exempt Unit						
a) Distinct-Part Psychiatric Unit	1,323,417	1,943,364	2,586,270	3,305,061	4,080,779	13,237,890
b) Distinct-Part Rehabilitation Unit	1,091,745	1,603,168	2,132,705	2,726,493	3,366,417	10,920,528
c) TEFRA Inpatient Capital –Psych	909,711	913,348	916,089	918,835	922,515	4,580,497
d) TEFRA Inpatient Capital –Rehab	590,926	593,289	595,069	596,853	599,243	2,975,378
BBA Total Impact to Medicare Payments	**120,766,568**	**183,851,518**	**240,475,879**	**268,024,071**	**297,229,935**	**1,110,347,970**

Note: Above Does Not Include 5-Year Impact of BBA on Skilled Nursing Facilities and Home Health Agencies estimated to be over $300 million statewide

Source: Medicare Cost Report PPS 13 compiled by Illinois Hospital & HealthSystems Association

IHHA

BBA's Impact on Medicare Payments

MEDICARE DSH

	FY '98	FY '99	FY '00	FY '01	FY '02	5 Year Total
1. Inpatient PPS						
a) DRG Payments	40,754,341	81,685,654	110,010,623	128,920,523	148,818,835	510,389,876
i) Transfer Provision		18,629,007	18,798,688	19,247,788	19,690,467	76,363,950
b) IME Payments	25,778,855	43,826,897	63,705,106	82,917,574	86,986,965	303,215,397
i) Applied to Outliers	12,302,461	11,184,055	10,167,323	9,243,021	8,402,746	51,299,606
c) DSH Payments	7,411,637	13,519,263	19,733,607	25,667,790	33,318,808	99,651,105
i) Applied to Outliers	9,197,342	9,013,395	8,742,993	8,393,273	7,973,610	43,320,613
d) Outlier Payments	0	0	0	0	0	0
2. Inpatient Capital	33,381,552	33,515,044	33,604,287	33,716,403	33,851,386	168,068,672
3. Bad Debt	16,330,081	26,755,192	30,852,055	31,654,280	32,540,588	138,132,197
4. Outpatient	29,651,705	30,363,403	57,970,253	62,788,438	67,909,849	248,683,648
5. PPS-Exempt Unit						
a) Distinct-Part Psychiatric Unit	1,912,375	2,808,217	3,736,790	4,775,910	5,896,845	19,129,136
b) Distinct-Part Rehabilitation Unit	2,089,190	3,038,491	4,042,125	5,167,535	6,380,387	20,697,729
c) TEFRA Inpatient Capital – Psych	1,103,729	1,108,143	1,111,468	1,114,800	1,119,264	5,557,403
d) TEFRA Inpatient Capital – Rehab	1,082,535	1,086,864	1,090,124	1,093,392	1,097,771	5,450,687
BBA Total Impact to Medicare Payments	180,975,804	276,733,625	363,562,321	414,700,728	453,987,540	1,689,960,017

Note: Above Does Not Include 5-Year Impact of BBA on Skilled Nursing Facilities and Home Health Agencies estimated to be over $300 million statewide

Source: Medicare Cost Report PPS 13 compiled by Illinois Hospital & HealthSystems Association

IHHA

BBA's Impact on Medicare Payments

NOT MEDICARE DSH

	FY '98	FY '99	FY '00	FY '01	FY '02	5 Year Total
1. Inpatient PPS						
a) DRG Payments	35,887,945	71,708,004	98,334,510	112,893,717	130,316,356	448,940,533
i) Transfer Provision		10,286,336	10,358,733	10,807,343	10,851,311	42,083,723
b) IME Payments	8,220,175	13,975,204	20,313,622	26,440,157	27,737,774	96,687,132
i) Applied to Outliers	2,860,696	2,418,815	2,198,922	1,999,020	1,817,291	11,094,745
c) DSH Payments	98,805	176,579	257,746	335,254	435,186	1,301,570
i) Applied to Outliers	94,882	92,984	90,195	88,587	82,258	448,907
d) Outlier Payments	5,155,174	6,061,662	6,667,062	7,448,037	8,065,006	33,598,941
2. Inpatient Capital	26,991,406	27,099,344	27,171,404	27,282,156	27,371,301	135,895,610
3. Bad Debt	6,160,403	10,125,968	11,676,497	11,980,113	12,316,552	52,278,533
4. Outpatient	29,765,283	30,479,687	49,274,391	53,968,352	58,948,277	222,433,971
5. PPS-Exempt Unit						
a) Distinct-Part Psychiatric Unit	1,361,764	1,989,675	2,680,181	3,400,829	4,199,025	13,621,474
b) Distinct-Part Rehabilitation Unit	1,270,119	1,865,099	2,481,154	3,171,958	3,916,436	12,704,768
c) TEFRA Inpatient Capital --Psych	984,659	988,596	991,582	994,534	998,517	4,957,888
d) TEFRA Inpatient Capital --Rehab	623,216	625,708	627,585	629,487	631,958	3,137,964
BBA Total Impact to Medicare Payments	**119,092,508**	**177,881,661**	**231,303,764**	**261,217,524**	**287,686,278**	**1,077,181,735**

Note: Above Does Not Include 5-Year Impact of BBA on Skilled Nursing Facilities and Home Health Agencies estimated to be over $300 million statewide

Source: Medicare Cost Report PPS 13 compiled by Illinois Hospital & HealthSystems Association

MEMORANDUM

TO: Chris Jennings, The White House
Jeanne Lambrew, The White House
Barbara Woolley, The White House

FROM: Peter Clendenin, NASL Executive Vice President
David Seckman, AHCA Interim President

SUBJECT: **Data on the Impact of the Balanced Budget Act of 1997**

DATE: August 19, 1999

In response to your August 13 memo, and on behalf of the National Association for the Support of Long Term Care (NASL) and the American Health Care Association (AHCA), we appreciate the opportunity to provide your office with information and data relative to the impact of the Balanced Budget Act of 1997 (BBA).

The passage of the BBA marked the most drastic changes to the Medicare program since its inception in 1965. While many of the goals of the Act are laudable, as members of the Administration have acknowledged, the hallmark legislation has also resulted in a number of unintended consequences. **Our response will be limited to the issue of the implementation of a $1,500 financial limitation on outpatient rehabilitation therapy services, which has been of particular concern to both our organizations.**

Since the inception of the $1,500 therapy cap, NASL has commissioned three studies intended to explore the impact of the financial limitations upon Medicare beneficiaries. (See a chronology of these reports appended to this letter at Attachment A.)

Each of the questions posed by your office, with regard to therapy, will be addressed in turn below. Before addressing the specifics, however, we believe a general overview of the current state of outpatient therapy services is instructive.

Data show that in the first four months following the enactment of the provision, beneficiaries negatively impacted by the therapy cap continued to escalate at an alarming

HEADQUARTERS
1321 DUKE STREET ☆ SUITE 304 ☆ ALEXANDRIA, VIRGINIA 22314-3563 ☆ (703) 549-8500 ☆ (703) 549-8342 FAX

rate.[1] An extrapolation of this data projects as many as 13% of Medicare beneficiaries receiving rehabilitative therapy services will exceed the cap. Chair of the congressionally-created Medicare Payment Advisory Committee, Gail Wilensky, has called the caps "totally arbitrary and capricious."[2] The same Commission estimates 1 in 7 Medicare beneficiaries, who seek rehabilitation therapy, or about 200,000 people, will exceed one of the caps this year.[3]

The continued provision of medically necessary services in a hospital outpatient department, which is not subject to the limitations, may be difficult, if not impossible, for nursing home residents or beneficiaries living in rural areas. Many beneficiaries may therefore decide to forgo or limit medically necessary services rather than pay for the services out of pocket. We have also heard anecdotal evidence of therapy services being "rationed" or saved for fear they may not be available if needed at a future date.

NASL and AHCA continue to oppose as bad health care policy, the implementation of any type of arbitrary financial limitations on medically necessary services. We believe, instead, that beneficiary needs should dictate the provision of services.

How does spending across the different therapies compare? How close is the spending to the $1,500 cap? Should PT and speech be separated?

A July 1997 report commissioned by NASL entitled *"Impact of Ways and Means Committee Budget Resolution Rehabilitation Services for Medicare Beneficiaries"* (Muse & Associates, Table 3 attached hereto as Attachment "C") looked at an overview of the use and cost of therapy services for the Medicare population (see methodology included with Table 3 Attachment "C.") The overview found that based on 1994 data, for both Part A and Part B, approximately 3.5 million Medicare beneficiaries received rehabilitation therapy services. Over 90 percent of these recipients received physical therapy, 46 percent received occupational therapy, and approximately 14 percent received speech-language-pathology services. Total Medicare payments for all rehabilitation services came to more than $4.4 billion. Overall, Medicare recipients averaged 32 therapy visits, which average charges per beneficiary of $2,552. By individual therapy type, speech language pathology (SLP) recorded the highest average charge ($2,391), followed by occupational therapy (OT) ($1,740) and physical therapy (PT) ($1,586).

Having provided this information, however, it must be noted that the *average* payments per discipline, as indicated by Table 3 (found at Attachment C) do not constitute meaningful numbers since the charge and payment vary significantly by provider type. This is discussed more fully in the third question. Trending this 1994 data forward to 1999, would also significantly increase the average payments.

[1] Analysis prepared by NovaCare Regulatory Affairs office, May 1999, based on January – April 1999 Medicare claims. (Attached hereto as "Attachment B".)
[2] "Medicare Caps on Therapies Spark Protest," *Wall Street Journal*, April 26, 1999.
[3] "Medicare Cutbacks Prove Painful to Some," *Washington Post*, May 10, 1999.

In a July 1998 report commissioned by NASL entitled *"An Analysis of Rehabilitation Services 'Flow' Patterns and Payments by Provider Setting for Medicare Beneficiaries 1996"* (Muse & Associates) included a distribution of the top six settings, in addition to the Outpatient Physical Therapy Service and the CORF settings, that provided rehabilitation services to Medicare patients during 1999." (See Appendix 6 to that report attached hereto as "D".) The price, which was projected to 1999 using 1996 data, shows the distribution of Medicare patients by $100 Cap payment bands receiving rehabilitation services in each of the settings. A review of this data shows the impact of the therapy cap would be most profound for SNF outpatient and rehab agency beneficiaries. The same study projected that almost 13 percent, or about 1 in 7 Medicare beneficiaries who would need rehabilitation services care would exceed the $1,500 benefit cap.

These projections were sustained in a 1999 first quarter study by the Regulatory Affairs Office at NovaCare, Inc. which included data on 32,000 patients. The study, which was based on January – April 1999 claims, (see Attachment A) found that of the 3,220 patients receiving occupational therapy services, or 28.7 percent, had exceeded the halfway mark - $700 of their benefit, while 5,776 SLP/PT patients, or 27.9 percent, had exceeded $700. For that same time frame, 221 OT patients, or 2.0 percent were over the $1,500 limit while 560 SLP/PT patients, or 2.7 percent had exceeded the $1,500 limit. This marked an 89 percent and 61 percent increase, respectively, from the month before. As stated earlier, based on these claims, an estimated 13% of therapy beneficiaries will exceed the cap.

As one speaker testified before the Health Care Financing Administration during the April 1999 Town Hall Meeting, it is unconscionable that Medicare beneficiaries are now having to choose between walking and talking. As stated above, we are opposed to the implementation of any arbitrary financial limitation upon medically necessary therapy services. Furthermore, we believe there is no rational basis for combining physical therapy and speech-language pathology under one cap. Physical therapy and speech-language pathology services are separate and distinct medical discipline. Not only do they address wholly different medical needs of Medicare beneficiaries, Medicare statutory and regulatory law has historically recognized the therapies as distinct Medicare benefits subject to different payment and coverage provisions.

Are there natural breaks in spending that may be more appropriate for caps? At what levels?

No, there are no natural breaks in spending that may be more appropriate for caps. In the July 1998 Muse & Associates report, the researchers found that "the study confirmed the findings from the previous study that Medicare beneficiaries receiving rehabilitation care do not flow through the rehabilitation services system in similar pathways." Instead the study found that the "service delivery system is more a lattice work of choices that appears to be linked to the acuity of a beneficiary's condition."

If the health care system is intended to be responsive for the provision of quality care, the clinical providers must have the resources necessary to meet the needs of the patients. Capping medically necessary services is an arbitrary and capricious method for attempting to curtail utilization.

How has the setting for therapy services changed post-BBA (e.g. shift to hospital outpatient sites, which are not capped)?

NASL has investigated the assumption that Medicare beneficiaries receive therapy services in separate settings (i.e. CORF, HHA, hospital outpatient department) when one setting is either constrained ($1,500 cap) or unavailable. The presumption is that Medicare patients "flow" seamlessly through an integrated system, and receive full Medicare benefits in a hospital, CORF, SNF ant then a home care agency. To test this assumption, NASL retained Muse & Associates in 1998 to determine the actual sequencing of patients through the Medicare system. The key findings of this report are:

- Only 2% of all Medicare beneficiaries requiring rehabilitation services follow the most common encounter "flow" pattern of rehabilitation services from the short term hospital inpatient, to skilled nursing facility inpatient, to home health setting; and

- Second and third encounters with rehabilitation services for Medicare beneficiaries appear to be more of a matrix of choices than a clearly defined continuum of care.

As a result of Medicare's non-system of coordinating care, one in seven patients in SNF's exceed the $1,500 cap. Aggregate spending per beneficiary by setting is estimated for 1999 as follows[4]:

SNF	$2,910
Outpatient Hospital	$ 359
Rehab Hospital	$3,432
Home Health Agency	$1,520
Outpatient Physical Therapy	$1,595
Long-term hospital	$3,498

What these averages don't show, is that patient acuity is the one variable that best explains cost and utilization. The government will be unable to shift cost from one provider type to another (skilled nursing facility (SNF) patients are generally immobile and cannot elect to use other providers for their care) in order to achieve the BBA savings. Of particular importance, is the way that HCFA, by administrative fiat, has taken away patient choice,

[4] See Attachment E for display of all costs.

and forced SNF patients to stay in the facility for all of their therapy needs, thus making cost-shifting impossible.

We hope the information provided has been helpful. The questions posed in your August 13 memo and President Clinton's desire to establish a "quality assurance fund" to smooth out BBA provisions negatively impacting beneficiaries' access to quality services, are positive indications that some of the unintended consequences may be resolved. We look forward to working with the Administration on these and other issues affecting the provision of quality care. Feel free to direct questions regarding this response to Peter Clendenin, NASL Executive Vice President at (703) 549-8500.

Attachment

A

BACKGROUND

During March 1998, NovaCare, the rehabilitation services company and National Association for the Support of Long Term Care (NASL) member, commissioned a study to update and further explore the use and costs of rehabilitation services in the Medicare program by analyzing the 1996 Medicare 5% Standard Analytical File. This report is the third in a series of studies on service, utilization and costs for Medicare beneficiaries receiving rehabilitation services.

In June 1997, NASL commissioned Muse & Associates to determine the number of Medicare beneficiaries who were receiving rehabilitation services in different provider settings and to assess the potential impact of changes in capping payments for rehabilitation services for beneficiaries using the 1994 Medicare 5% sample Standard Analytical Files. By July of that year, Muse released its report titled, The Impact of the $900 Therapy Cap on the Provision of Part B Therapy Services. This report examined the types of patients utilizing Part B therapy services and quantified the potential impact of a proposed reimbursement limit on the provision of rehabilitation services. The report also discussed the differences in costs incurred in the provision of therapy services in different settings. Data developed in this first report were one of several influences leading to a change in the proposed and.subsequently approved annual service limit from $900 to $1,500.

In November 1997, Muse & Associates released a follow-up study for NASL that focused on the flow of patients through the rehabilitation services system titled, An Analysis of Rehabilitation Services "Flow" Patterns and Payments by Provider Setting for Medicare Beneficiaries During 1994. The major findings of the study were twofold: 1) the rehabilitation services delivery system is extremely complex and, therefore, it is virtually impossible to predict how a beneficiary will flow through this lattice-like system and 2) about 13 percent of Medicare beneficiaries are projected to exceed the $1,500 annual per discipline cap in 1999. Data from this analysis were instrumental in raising awareness of the possible effects of the $1,500 cap.

This current study builds on the previous work completed for NASL. It examines usage patterns of rehabilitation services during 1996 and investigates the number of beneficiaries expected to exceed the rehabilitation services cap during 1996. The same methodology was used for both flow reports (see Method Section). This analysis found that during 1996, an estimated 5.6 million Medicare beneficiaries received about 8.9 million rehabilitation service encounters paid by the federal government. Only 2 percent of all Medicare beneficiaries requiring rehabilitation services care follow the most common encounter "flow" pattern of rehabilitation services care (Short Term Hospital Inpatient, to Skilled Nursing Facility Inpatient, to Home Health Agency).

In June 1998, MedPac issued a report stating, "About one-third of patients in the dominant non-hospital settings (rehabilitation agencies and CORF's) exceeded either $1,500 of outpatient physical and speech therapy or $1,500 of occupational therapy. Since most outpatient rehabilitation patients receive those services in hospital OPDs, though, the affected patients represented only 10 percent of all physical and speech therapy patients in hospital OPDs, agencies, and CORFs in 1996..."[1] The current Muse study confirms MedPac's findings, estimating that about 13 percent of Medicare beneficiaries will exceed the therapy services cap in 1999.[2]

[1] MedPAC Report, *Report to Congress: Context for a Changing Medicare Program, June 1998, p.86.*
[2] The Muse estimate is slightly higher because costs have been inflated to 1999 dollars. We estimate that Medicare beneficiaries will continue to exceed the therapy services cap at this rate and higher until 2002 when the $1,500 cap is set to be indexed for inflation.

Attachment

B

The Impact of the Therapy Cap on Medicare Part B Beneficiaries

An Update Based on January - April Claims

NovaCare Regulatory Affairs
May 1999

Findings

- Data on 32,000 beneficiaries affirm alarming number of patients affected by therapy cap
  - 28% of beneficiaries have expended half of annual cap
  - Impact is national, trends are consistent across states

- Forecast holds - 13% of therapy beneficiaries will exceed cap
  - Coverage will be curtailed for nearly 150,000 beneficiaries
  - Services undermine medically necessary treatments
  - Caps affect clinical decisions for certain diagnoses

- Impact is most pronounced for acute conditions
  - Cap may force inappropriate placements
  - Caps may increase burden of care costs
  - 60% of patients receiving Part B therapy for circulatory/musculoskeletal conditions

January - April Claims

Patients	OT	SLP/PT
SNF	9,202	16,632
Rehab	2,027	4,063
Total	11,229	20,695

CAUTION - BENEFIT IN JEOPARDY

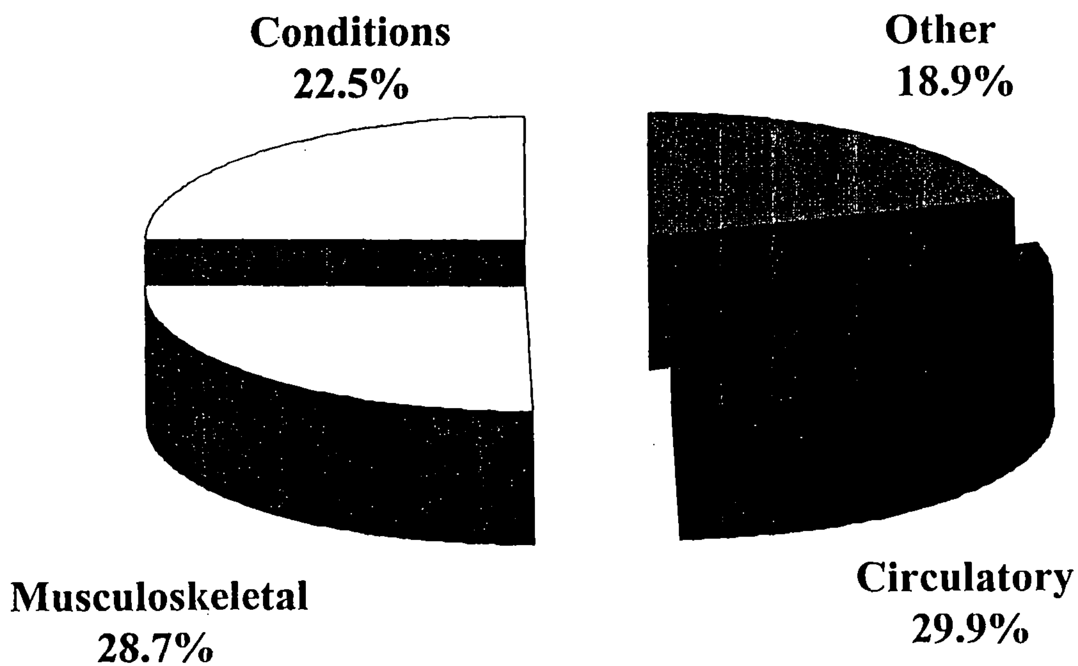
Patients	OT>$700 #	OT>$700 %	SLP/PT>$700 #	SLP/PT>$700 %
SNF	2,343	25.5	4,141	24.9
Rehab	877	43.3	1,635	40.2
Total	3,220	28.7	5,776	27.9
△ over previous month	41%		42%	

OVER LIMIT

Patients	OT>$1500 #	OT>$1500 %	SLP/PT>$1500 #	SLP/PT>$1500 %
SNF	173	1.8	416	2.5
Rehab	48	2.4	144	2.8
Total	221	2.0	560	2.7
△ over previous month	89%		61%	

Why Beneficiaries are Receiving Part B Therapy Services

Circulatory	
- Stroke	18.2%
- Heart	11.7%
Musculoskeletal	
- Fractures/Strains	10.2%
- Osteoarthritis	17.3%
- Amputation	1.2%
Conditions	
- Parkinson's & related	12.0%
- Cancer	1.2%
- Diabetes & related	1.8%
- Pneumonia/Respiratory	7.5%
Other	18.9%



NovaCare Contract Services Claims Data, January - April, 1999

Forecast - 1999 Cap Impact

	# Beneficiaries Receiving Therapy est. 1999 [1]	# Beneficiaries Exceeding Cap [2]	% Exceeding Cap
SNF Part B	650,000	84,000	12.9%
Rehab Agencies	444,000	58,000	13.1%
Total	1,094,000	142,000	13%

1 Mid-point high/low range 1996 actual projected forward - SNF 4% per annum growth rehab agencies 1.2% per annum growth

2 NovaCare quarterly experience trended quarter to quarter by discipline, by setting applied to national projected services by quarter, by discipline, by setting

Data Sources

- Data extracted from two NovaCare Long Term Care Division claims files
  - Contract services Part B claims, participating Skilled Nursing Facilities
  - Rehab agencies Part B claims, non-participating facilities

- Claims files reviewed for coding, appropriateness of services
  - All claims qualify as Part B Medicare
  - All services physician ordered
  - Services viewed as reasonable, clinically appropriate
  - Data reflects lower of charges or fee schedule

SNF Part B Services
(NovaCare Contract Services Part B Claims File)

NovaCare Contract Services Part B Claims File
Occupational Therapy
January-April 1999

State	Total Patients	<$700	$700-799	$800-899	$900-999	$1000-1099	$1100-1199	$1200-1299	$1300-1399	$1400-1499	$1500+
AL	97	73	5	6	6	3	2	1	0	1	0
AR	1	0	0	1	0	0	0	0	0	0	0
AZ	111	100	5	2	1	1	0	2	0	0	0
CA	210	157	11	9	8	8	6	3	2	1	5
CO	192	164	10	5	7	3	1	2	0	0	0
CT	3	3	0	0	0	0	0	0	0	0	0
DE	51	42	3	0	2	1	0	2	1	0	0
FL	564	405	35	30	22	17	18	12	10	4	11
GA	221	184	7	12	6	3	5	1	1	1	1
IA	59	57	2	0	0	0	0	0	0	0	0
IL	528	363	39	19	16	21	20	18	13	7	12
IN	496	408	31	16	11	8	4	8	3	1	6
KS	571	405	36	36	33	21	16	8	4	3	9
KY	106	79	2	4	7	3	1	1	2	2	5
LA	191	117	8	11	15	13	7	5	3	6	6
MA	313	257	13	12	9	6	7	4	3	0	2
MD	127	79	10	3	4	6	5	5	8	3	4
MI	207	148	18	10	6	9	4	1	3	2	6
MN	443	338	22	27	8	5	14	8	3	13	5
MO	531	359	44	31	21	19	15	10	9	15	8
MS	167	89	7	12	17	7	11	4	5	6	9
NC	103	84	3	6	2	2	2	2	1	0	1
NJ	49	37	0	6	1	3	0	0	1	0	1
NM	46	29	3	3	2	1	2	2	0	4	0
NY	23	16	1	0	5	0	0	0	1	0	0
OH	709	537	23	29	21	20	12	15	11	5	36
OR	4	4	0	0	0	0	0	0	0	0	0
PA	1170	960	45	47	33	21	27	13	8	4	12
RI	3	2	1	0	0	0	0	0	0	0	0
SC	290	212	18	13	11	8	12	5	5	3	3
SD	49	43	1	2	0	1	0	0	0	1	1
TN	165	117	8	12	2	11	3	1	2	4	5
TX	1070	750	95	54	43	31	26	21	8	20	22
VA	56	44	4	5	0	0	2	0	0	1	0
WA	43	33	3	0	3	2	1	0	0	0	1
WI	188	133	8	10	5	5	9	5	5	6	2
WV	45	31	4	3	3	2	0	2	0	0	0
Totals	**9,202**	**6,859**	**525**	**436**	**330**	**261**	**232**	**161**	**112**	**113**	**173**

5/25/99

NovaCare Contract Services Part B Claims File
Physical/Speech Therapy
January-April 1999

State	Total Patients	<$700	$700-799	$800-899	$900-999	$1000-1099	$1100-1199	$1200-1299	$1300-1399	$1400-1499	$1500+
AL	206	149	14	9	16	5	0	5	3	3	2
AR	6	4	1	0	1	0	0	0	0	0	0
AZ	229	194	13	6	4	3	1	2	1	1	4
CA	368	248	24	28	18	6	6	6	5	7	20
CO	374	323	14	12	6	1	0	7	4	3	4
CT	14	14	0	0	0	0	0	0	0	0	0
DE	93	78	3	1	3	2	1	2	0	2	1
FL	1228	899	78	52	47	26	26	24	23	20	33
GA	544	437	26	23	17	15	6	6	5	3	6
IA	105	83	10	3	3	3	1	0	1	0	1
IL	824	568	47	44	31	31	33	16	18	16	20
IN	701	541	35	33	24	11	13	6	6	9	23
KS	928	675	53	60	39	32	18	12	12	11	16
KY	190	148	10	2	8	8	4	3	1	1	5
LA	259	187	16	11	14	5	8	3	3	7	5
MA	505	421	19	19	12	11	5	4	4	3	7
MD	248	153	16	15	10	10	7	6	5	3	23
MI	463	359	28	20	16	7	2	2	9	5	15
MN	934	696	48	45	37	23	13	29	12	15	16
MO	785	587	53	40	20	24	21	15	10	4	11
MS	271	136	11	12	12	18	18	11	16	16	21
NC	226	177	11	4	4	10	2	4	8	2	4
NJ	79	64	3	5	2	2	0	0	1	0	2
NM	104	76	7	5	1	6	2	2	2	1	2
NY	45	36	3	3	1	1	0	1	0	0	0
OH	1114	842	50	36	32	18	29	18	15	15	59
OR	21	21	0	0	0	0	0	0	0	0	0
PA	2120	1675	111	76	76	45	32	33	18	19	35
RI	5	5	0	0	0	0	0	0	0	0	0
SC	471	345	20	21	23	14	13	14	7	7	7
SD	113	93	3	7	3	2	2	2	0	1	0
TN	284	220	15	10	10	13	8	1	4	1	2
TX	2028	1441	148	93	71	71	53	35	28	36	52
VA	190	139	7	13	4	6	3	5	3	2	8
WA	67	52	4	4	3	0	2	0	0	0	2
WI	400	327	14	17	8	3	9	3	5	6	8
WV	90	78	2	1	4	0	0	3	0	0	2
Totals	**16,632**	**12,491**	**917**	**730**	**580**	**432**	**338**	**280**	**229**	**219**	**416**

NovaCare Rehab Agencies Part B Claims File

NovaCare Rehab Agency's Part B Claims File
Occupational Therapy
January-April 1999

State	Total Patients	<$700	$700-$799	$800-$899	$900-$999	$1000-$1099	$1100-$1199	$1200-$1299	$1300-$1399	$1400-$1499	$1500+
Alabama	84	57	8	4	5	1	2	2	1	2	2
California-Northern	112	65	12	7	5	6	2	5	2	4	4
California-Southern (Garfield)	13	13	0	0	0	0	0	0	0	0	0
California-Southern (Lambert)	51	22	9	6	9	2	0	1	1	0	1
Colorado	54	42	5	1	0	1	3	1	1	0	0
Florida	162	91	21	9	6	12	7	6	4	4	2
Georgia	188	123	25	10	6	5	9	6	1	2	1
Ilinois	192	97	21	11	15	10	8	11	8	7	4
Indiana	72	44	4	2	9	3	3	2	1	2	2
Iowa	1	1	0	0	0	0	0	0	0	0	0
Kansas	274	136	29	18	20	17	16	14	11	8	5
Minnesota	8	6	0	0	0	0	0	0	0	0	2
Missouri	42	29	7	2	0	2	1	1	0	0	0
New Jersey	4	3	1	0	0	0	0	0	0	0	0
North Carolina	33	25	4	3	1	0	0	0	0	0	0
Ohio	91	52	15	7	1	5	4	0	5	0	2
Oregon	34	21	3	2	1	2	0	2	2	1	0
Pennsylvania	154	68	18	11	6	9	10	11	8	8	5
South Carolina	88	48	10	3	7	6	2	2	3	4	3
Tennessee	15	7	3	1	1	1	0	0	1	0	1
Texas	253	135	31	17	13	9	6	7	14	11	10
Virginia	68	44	10	4	2	0	3	0	1	1	3
Washington	8	6	1	0	0	0	0	0	0	0	1
Wisconsin	26	15	2	1	1	2	2	1	1	1	0
TOTALS	**2027**	**1150**	**239**	**119**	**108**	**93**	**78**	**72**	**65**	**55**	**48**

5/25/99

NovaCare Rehab Agency's Part B Claims File
Physical/Speech Therapy
January-April 1999

State	Total Patients	<$700	$700-$799	$800-$899	$900-$999	$1000-$1099	$1100-$1199	$1200-$1299	$1300-$1399	$1400-$1499	$1500+
Alabama	180	120	22	9	6	7	4	2	2	5	3
California-Northern	258	151	27	12	18	8	10	13	7	8	4
California-Southern (Garfield)	110	58	24	11	6	4	1	2	3	0	1
California-Southern (Lambert)	117	83	15	5	6	4	2	1	0	0	1
Colorado	128	100	10	4	2	3	3	1	2	2	1
Florida	402	243	56	26	22	18	11	14	4	3	5
Georgia	341	195	36	19	17	12	13	20	14	6	9
Illinois	326	192	43	16	14	19	9	7	4	7	15
Indiana	86	60	8	6	5	2	3	1	1	0	0
Iowa	2	2	0	0	0	0	0	0	0	0	0
Kansas	384	205	62	21	25	22	14	9	4	12	10
Minnesota	25	21	3	1	0	0	0	0	0	0	0
Missouri	64	52	4	2	4	0	1	1	0	0	0
New Jersey	13	13	0	0	0	0	0	0	0	0	0
North Carolina	75	56	5	4	3	1	2	0	0	1	3
Ohio	181	115	19	10	17	4	2	2	6	1	5
Oregon	52	41	3	1	0	0	1	2	1	2	1
Pennsylvania	258	144	32	16	8	7	11	13	8	11	8
South Carolina	176	92	21	6	12	8	5	6	9	9	8
Tennessee	26	17	4	1	0	0	1	2	1	0	0
Texas	581	267	73	35	41	30	27	24	26	27	31
Virginia	172	135	15	9	3	4	3	1	1	1	0
Washington	26	21	0	0	1	0	1	1	0	2	0
Wisconsin	80	45	6	2	5	5	3	2	2	1	9
TOTALS	**4063**	**2428**	**488**	**216**	**215**	**158**	**127**	**124**	**95**	**98**	**114**

5/25/99

Attachment

C

Table 3*

Overview of Use and Cost Of Therapy Services For Medicare Population

Payments/Charges	Therapy Services PT	OT	SLP	Unduplicated Totals **
Total Medicare Patients	3,198,220	1,612,500	488,560	3,492,760
Total Charges	$5,071,294,161	$2,805,524,641	$1,168,195,091	$8,913,568,359
Average Charges	$1,586	$1,740	$2,391	$2,552
Total Payment	$2,498,616,429	$1,386,777,904	$586,720,991	$4,425,790,957
Average Payments	$781	$860	$1,201	$1,267
Total Visits	71,405,900	33,187,720	10,995,300	110,751,760
Average # Visits	22	21	23	32

* Totals in this and other tables differ slightly due to rounding and missing data.

**' Patients' and 'Visits' may exceed total due to duplicate counting.

Methodology

Under the Medicare program, rehabilitation therapy services must be reasonable and necessary to the treatment of the beneficiary's illness or injury. To be considered reasonable and necessary, the following criteria apply:

- Services must be considered under accepted standards of practice to be a specific and effective treatment for the patient's condition.
- The services must be of such a level of complexity and sophistication or the beneficiary's condition must be such that the services can be safely and effectively performed only by or under the supervision of a qualified therapist.
- There must be an expectation that the beneficiary's condition will improve significantly in a reasonable and generally predictable period of time based on the physician's assessment of the patient's restorative potential or the services must be necessary for establishment of a safe and effective maintenance program required in connection with the specific disease state.
- The amount, frequency, and duration of services must be reasonable under accepted standards of practice.[23]

Medicare is the single largest payer of rehabilitation therapy services in the United States and accounts for approximately 50 percent of rehabilitation facilities' revenues annually.[24] A review of the HCFA intermediary guidelines and therapy edits for defining reasonable and necessary care reveals that there are numerous disabling conditions with a high probability that extensive rehabilitative theraphy services will be required, with associated costs well in excess of the proposed $900 cap.[25] Among the many medical conditions that are treated through use of rehabilitation therapy, some of the more common are spinal cord injury, head injury, various neurological disorders (including multiple sclerosis, muscular dystrophy, and Parkinson's disease), amputation, back injuries, arthritis, cardiovascular disease, pulmonary disease, musculoskeletal disease; and various problems relating to cancer. For these and many other medical conditions, therapy intervention is often essential to enable a beneficiary to recover adequately from serious, debilitating medical problems that impair their ability to function independently.[26] To what extent the costs of these services actually exceed the proposed aggregate cap of $900 is the primary focus of this investigation.

---

[23]HCFA, *Outpatient Physical Therapy and Comprehensive Outpatient Rehabilitation Facility Manual*, October 1981.

[24]T. Fama, B. Manard et al. *Medicare Beneficiaries' Access to Rehabilitation Services: An Analysis of Service Use, Care Patterns, and Charges*, AARP, 1992.

[25]HCFA, *Intermediary Manual - Part 3*, June 1991.

[26]C. Katov. *ibid.*

Due to time and other constraints, it was not possible to analyze all disabling conditions individually. Instead, our analysis focuses on the general use and cost of therapy services by the Medicare population and on the use of such services for two specific medical conditions, stroke and joint replacement. Stroke and joint replacement are two debilitating conditions that are common among Medicare beneficiaries and often require rehabilitation services.[27] Focusing the study in this manner is sufficient to illustrate the use of rehabilitation services within the Medicare population as well as to examine the cost implications of the proposed legislation. The following ICD-9 diagnosis and procedure codes were examined:

Medical Condition	ICD-9 Code
Stroke	433-436 and 438
aphasia due to stroke	784.3
dysphagia due to stroke	787.2
Joint replacement	
total hip	81.51
partial hip	81.52
revision hip	81.53
total knee	81.54
revision knee	81.55

For all Medicare patients receiving rehabilitation therapy and for those with the specific ICD-9 codes listed above, an unduplicated count of the number of beneficiaries was derived from the 1994 5% Standard Analytical Files. A uniform record format was used to compile all of the individual records from each of the nine subfiles for each beneficiary identified. The uniform record contains demographic information, medical diagnoses, treatments received in various provider settings, and related cost and payment data for each beneficiary.

To examine the impact of the proposed $900 Part B therapy cap, a complete data set of all rehabilitation therapy services was developed from the 5% File. Rehabilitation services were identified through CPT codes. Included were:

- revenue codes identifying inpatient, outpatient, skilled nursing facility, home health agency, and hospice rehabilitation services.

- Part B professional rehabilitation services were identified using a set of CPT/HCPCS procedure codes (see Appendix 3).

The data for all rehabilitation therapy services, including those for each of the medical conditions identified above, were analyzed. Beneficiaries were classified according to the amount and costs

[27] C. Katov. *ibid.*

of each rehabilitation therapy service received. In addition to determining a beneficiary count for each therapy type, the study also examined:

- the distribution of total payments for all services
- the distribution of payments for each therapy type
- average payment for all therapy services
- average payment for each therapy type
- total charges for all therapy services
- average charges for each therapy type
- therapy payments by provider type. (Because this study is concerned with the effects of the proposed $900 cap, only select rehabilitation therapy providers were examined. These providers include: rehabilitation hospitals (3025-3099), CORFs (4500-4599), SNFs (5000-6399), rehabilitation agencies (6500-6899), home health agencies (7000-8499), and Part B physician/suppliers.)

Results from the 5% Files were extrapolated to the total Medicare population. These results are presented in Tables 3 - 8.

Attachment

D

APPENDIX 6

This appendix includes the distribution of the top six settings, in addition to the Outpatient Physical Therapy Service and the CORF settings, that provided rehabilitation services to Medicare patients during 1996. Each chart illustrates the distribution of Medicare beneficiaries in $100 Medicare payment increments between $0 to $5000 for rehabilitation services. A vertical line has been added to indicate the cutoff point for those Medicare beneficiaries expected to exceed the rehabilitation therapy services cap in 1999. Payments have been inflated to reflect 1999 dollars. All beneficiaries arrayed to the right of the bar are expected to exceed the rehabilitation therapy services cap in 1999.

There appears to be a relationship between cost and number of patients that receive rehabilitation services. As costs increase, the number of Medicare beneficiaries receiving rehabilitation therapy services declines (see attached charts). These findings reinforce the point that the cap arbitrarily hurts those beneficiaries with more acute conditions who require more intensive rehabilitation services for longer periods of time. Settings that care for these types of patients are more likely to be harmed by the $1500 cap.

For example, the Home Health Agency (HHA) and SNF Outpatient setting are more likely to provide care to beneficiaries who exceed the rehabilitation services cap. About 43 percent of Medicare beneficiaries or about 640,000 Medicare beneficiaries who received care in the HHA setting are expected to exceed the cap during 1999. (This assumes that all patients treated in this setting are affected by the Part B cap.) Assuming a 60/40 Part A/ Part B split in this setting, approximately 256,000 beneficiaries are projected to exceed the cap. Approximately 46 percent of beneficiaries are expected to exceed the rehabilitation services cap in the SNF Outpatient setting during 1999. A projected 34 percent of beneficiaries treated in the Outpatient Physical Therapy Setting are estimated to exceed the therapy cap during 1996. In contrast, about 2 percent of Medicare patients receiving rehabilitation therapy services in the Professional setting are expected to exceed the cap during 1999.

It was assumed that the SNF Inpatient setting and Short Term Hospital Inpatient and Outpatient Settings are not subject to the $1500 rehabilitation services cap. Data charts and tables for these settings have been provided for comparative purposes.

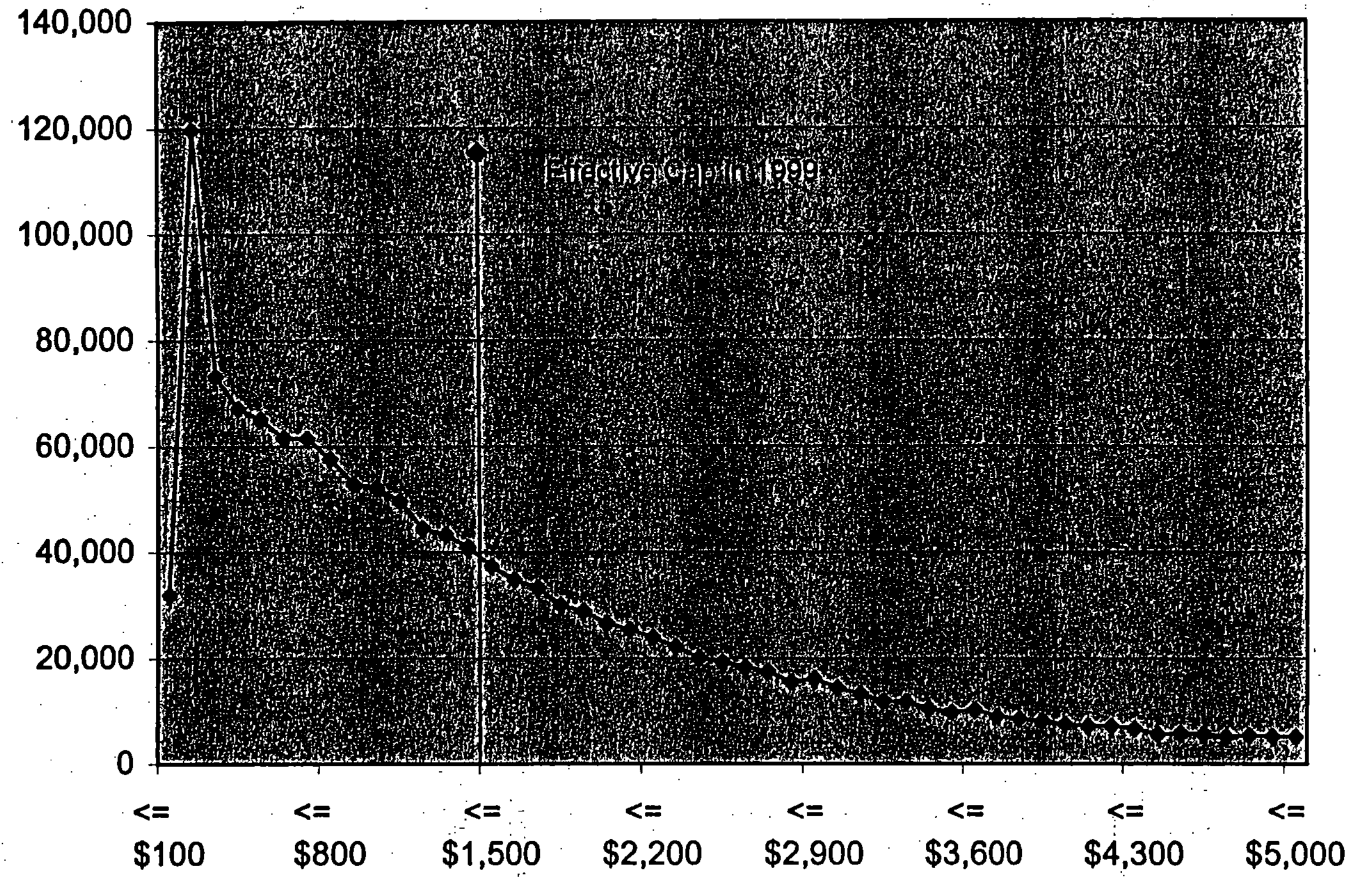
Distribution of Medicare Patients by $100 Cap Payment Bands Receiving Rehabilitation Service in the Home Health Agency Setting for 1996 in 1999 Dollars

Cap Per Patient Band	Patients	Services	Total Medicare & Co-Insurance Cap Band Payments	Cum % of Cap Band Paid	Cum % of Patients	Cum % of Services	% of Paid Cap Band	% of Services	% of Patients
<= $100	32,060	36,520	$2,406,621	0.1%	2.1%	0.8%	0.1%	0.8%	2.1%
<= $200	119,820	125,100	$16,835,789	0.6%	10.1%	3.5%	0.6%	2.7%	8.0%
<= $300	73,200	94,860	$18,409,043	1.3%	15.0%	5.6%	0.6%	2.1%	4.9%
<= $400	67,200	94,700	$23,496,473	2.0%	19.5%	7.7%	0.8%	2.1%	4.5%
<= $500	65,120	99,380	$29,383,626	3.0%	23.8%	9.8%	1.0%	2.2%	4.3%
<= $600	61,640	101,640	$34,028,683	4.1%	27.9%	12.0%	1.1%	2.2%	4.1%
<= $700	61,520	106,240	$40,013,154	5.5%	32.0%	14.4%	1.3%	2.3%	4.1%
<= $800	57,620	105,060	$43,220,431	6.9%	35.9%	16.7%	1.4%	2.3%	3.8%
<= $900	52,940	103,420	$44,953,882	8.4%	39.4%	18.9%	1.5%	2.3%	3.5%
<= $1,000	52,140	103,640	$49,514,939	10.0%	42.9%	21.2%	1.6%	2.3%	3.5%
<= $1,100	49,620	106,880	$52,131,050	11.8%	46.2%	23.5%	1.7%	2.3%	3.3%
<= $1,200	44,500	100,200	$51,150,121	13.5%	49.2%	25.7%	1.7%	2.2%	3.0%
<= $1,300	43,380	101,420	$54,215,678	15.3%	52.1%	27.9%	1.8%	2.2%	2.9%
<= $1,400	40,900	100,680	$55,250,065	17.1%	54.8%	30.1%	1.8%	2.2%	2.7%
<= $1,500	37,420	94,920	$54,323,337	18.9%	57.3%	32.2%	1.8%	2.1%	2.5%
<= $1,600	34,900	92,520	$54,114,463	20.7%	59.6%	34.2%	1.8%	2.0%	2.3%
<= $1,700	33,340	92,280	$55,010,065	22.5%	61.8%	36.2%	1.8%	2.0%	2.2%
<= $1,800	30,060	86,640	$52,605,864	24.3%	63.8%	38.1%	1.7%	1.9%	2.0%
<= $1,900	29,000	85,620	$53,665,786	26.1%	65.8%	40.0%	1.8%	1.9%	1.9%
<= $2,000	26,760	81,640	$52,197,773	27.8%	67.6%	41.7%	1.7%	1.8%	1.8%
<= $2,100	25,520	81,720	$52,359,215	29.5%	69.3%	43.5%	1.7%	1.8%	1.7%
<= $2,200	24,060	78,840	$51,762,605	31.3%	70.9%	45.2%	1.7%	1.7%	1.6%
<= $2,300	22,300	74,440	$50,214,821	32.9%	72.3%	46.9%	1.7%	1.6%	1.5%
<= $2,400	20,120	68,120	$47,246,420	34.5%	73.7%	48.3%	1.6%	1.5%	1.3%
<= $2,500	19,340	66,820	$47,389,883	36.1%	75.0%	49.8%	1.6%	1.5%	1.3%
<= $2,600	18,360	66,820	$46,828,695	37.6%	76.2%	51.3%	1.6%	1.5%	1.2%
<= $2,700	17,640	65,420	$46,770,997	39.2%	77.4%	52.7%	1.6%	1.4%	1.2%
<= $2,800	15,640	58,680	$43,043,761	40.6%	78.4%	54.0%	1.4%	1.3%	1.0%
<= $2,900	16,300	64,560	$46,482,638	42.2%	79.5%	55.4%	1.5%	1.4%	1.1%
<= $3,000	14,520	58,520	$42,845,156	43.6%	80.5%	56.7%	1.4%	1.3%	1.0%
<= $3,100	13,400	54,380	$40,886,958	44.9%	81.4%	57.8%	1.4%	1.2%	0.9%
<= $3,200	12,040	52,600	$37,937,209	46.2%	82.2%	59.0%	1.3%	1.1%	0.8%
<= $3,300	11,980	52,720	$38,944,306	47.5%	83.0%	60.1%	1.3%	1.2%	0.8%
<= $3,400	10,600	47,680	$35,524,119	48.7%	83.7%	61.2%	1.2%	1.0%	0.7%
<= $3,500	9,880	45,280	$34,087,184	49.8%	84.3%	62.2%	1.1%	1.0%	0.7%
<= $3,600	10,340	46,280	$36,732,533	51.0%	85.0%	63.2%	1.2%	1.0%	0.7%
<= $3,700	9,160	44,660	$33,431,824	52.1%	85.6%	64.2%	1.1%	1.0%	0.6%
<= $3,800	8,680	42,140	$32,574,035	53.2%	86.2%	65.1%	1.1%	0.9%	0.6%
<= $3,900	8,240	40,800	$31,750,111	54.3%	86.8%	66.0%	1.1%	0.9%	0.5%
<= $4,000	7,620	37,460	$30,108,137	55.3%	87.3%	66.8%	1.0%	0.8%	0.5%
<= $4,100	7,240	37,760	$29,326,934	56.2%	87.8%	67.6%	1.0%	0.8%	0.5%
<= $4,200	7,240	37,760	$30,042,191	57.2%	88.2%	68.4%	1.0%	0.8%	0.5%
<= $4,300	6,760	36,820	$28,739,434	58.2%	88.7%	69.2%	1.0%	0.8%	0.5%
<= $4,400	5,700	31,800	$24,806,562	59.0%	89.1%	69.9%	0.8%	0.7%	0.4%
<= $4,500	5,860	33,540	$26,079,205	59.9%	89.5%	70.7%	0.9%	0.7%	0.4%
<= $4,600	5,760	33,640	$26,196,636	60.8%	89.8%	71.4%	0.9%	0.7%	0.4%
<= $4,700	5,220	32,060	$24,283,660	61.6%	90.2%	72.1%	0.8%	0.7%	0.3%
<= $4,800	5,500	33,300	$26,129,530	62.4%	90.6%	72.8%	0.9%	0.7%	0.4%
<= $4,900	5,320	31,380	$25,814,097	63.3%	90.9%	73.5%	0.9%	0.7%	0.4%
<= $5,000	5,240	31,660	$25,916,365	64.1%	91.3%	74.2%	0.9%	0.7%	0.3%
<= $5,100	4,700	29,880	$23,731,530	64.9%	91.6%	74.8%	0.8%	0.7%	0.3%

Cap Per Patient Band	Patients	Services	Total Medicare & Co-Insurance Cap Band Payments	Cum % of Cap Band Paid	Cum % of Patients	Cum % of Services	% of Paid Cap Band	% of Services	% of Patients
<= $5,200	4,920	31,120	$25,330,512	65.8%	91.9%	75.5%	0.8%	0.7%	0.3%
<= $5,300	4,300	27,340	$22,582,657	66.5%	92.2%	76.1%	0.8%	0.6%	0.3%
<= $5,400	4,600	30,100	$24,614,812	67.3%	92.5%	76.8%	0.8%	0.7%	0.3%
<= $5,500	4,220	27,760	$22,987,420	68.1%	92.8%	77.4%	0.8%	0.6%	0.3%
<= $5,600	3,200	22,180	$17,765,059	68.7%	93.0%	77.9%	0.6%	0.5%	0.2%
<= $5,700	3,920	27,240	$22,138,830	69.4%	93.3%	78.5%	0.7%	0.6%	0.3%
<= $5,800	3,580	24,360	$20,575,878	70.1%	93.5%	79.0%	0.7%	0.5%	0.2%
<= $5,900	3,140	21,480	$18,358,768	70.7%	93.7%	79.5%	0.6%	0.5%	0.2%
<= $6,000	3,460	23,160	$20,588,497	71.4%	93.9%	80.0%	0.7%	0.5%	0.2%
<= $6,100	2,800	20,580	$16,951,222	72.0%	94.1%	80.4%	0.6%	0.4%	0.2%
<= $6,200	3,120	23,440	$19,183,739	72.6%	94.3%	80.9%	0.6%	0.5%	0.2%
<= $6,300	2,920	22,700	$18,255,684	73.2%	94.5%	81.4%	0.6%	0.5%	0.2%
<= $6,400	2,920	22,660	$18,539,803	73.8%	94.7%	81.9%	0.6%	0.5%	0.2%
<= $6,500	2,860	22,020	$18,451,033	74.4%	94.9%	82.4%	0.6%	0.5%	0.2%
<= $6,600	2,040	15,700	$13,365,192	74.9%	95.0%	82.7%	0.4%	0.3%	0.1%
<= $6,700	2,320	17,340	$15,426,117	75.4%	95.2%	83.1%	0.5%	0.4%	0.2%
<= $6,800	2,660	21,200	$17,956,920	76.0%	95.4%	83.6%	0.6%	0.5%	0.2%
<= $6,900	2,200	18,040	$15,069,276	76.5%	95.5%	84.0%	0.5%	0.4%	0.1%
<= $7,000	2,140	18,460	$14,870,786	77.0%	95.7%	84.4%	0.5%	0.4%	0.1%
<= $7,100	2,160	16,720	$15,226,083	77.5%	95.8%	84.7%	0.5%	0.4%	0.1%
<= $7,200	2,180	17,480	$15,568,524	78.0%	96.0%	85.1%	0.5%	0.4%	0.1%
<= $7,300	2,040	16,160	$14,787,951	78.5%	96.1%	85.5%	0.5%	0.4%	0.1%
<= $7,400	1,700	13,780	$12,494,134	78.9%	96.2%	85.8%	0.4%	0.3%	0.1%
<= $7,500	1,560	14,440	$11,618,470	79.3%	96.3%	86.1%	0.4%	0.3%	0.1%
<= $7,600	1,400	12,900	$10,573,477	79.7%	96.4%	86.4%	0.4%	0.3%	0.1%
<= $7,700	1,560	12,700	$11,937,730	80.1%	96.5%	86.6%	0.4%	0.3%	0.1%
<= $7,800	1,320	12,040	$10,228,085	80.4%	96.6%	86.9%	0.3%	0.3%	0.1%
<= $7,900	1,260	10,880	$9,894,313	80.7%	96.7%	87.1%	0.3%	0.2%	0.1%
<= $8,000	1,260	10,880	$10,013,188	81.1%	96.8%	87.4%	0.3%	0.2%	0.1%
<= $8,100	1,260	10,820	$10,146,524	81.4%	96.8%	87.6%	0.3%	0.2%	0.1%
<= $8,200	1,160	10,800	$9,447,859	81.7%	96.9%	87.9%	0.3%	0.2%	0.1%
<= $8,300	1,320	11,980	$10,894,124	82.1%	97.0%	88.1%	0.4%	0.3%	0.1%
<= $8,400	1,380	12,940	$11,527,253	82.5%	97.1%	88.4%	0.4%	0.3%	0.1%
<= $8,500	1,360	11,860	$11,491,583	82.8%	97.2%	88.7%	0.4%	0.3%	0.1%
<= $8,600	1,380	12,220	$11,808,440	83.2%	97.3%	88.9%	0.4%	0.3%	0.1%
<= $8,700	1,280	12,300	$11,069,288	83.6%	97.4%	89.2%	0.4%	0.3%	0.1%
<= $8,800	1,100	11,260	$9,621,776	83.9%	97.4%	89.4%	0.3%	0.2%	0.1%
<= $8,900	820	7,980	$7,257,757	84.2%	97.5%	89.6%	0.2%	0.2%	0.1%
<= $9,000	920	9,720	$8,234,880	84.4%	97.6%	89.8%	0.3%	0.2%	0.1%
<= $9,100	960	10,080	$8,689,963	84.7%	97.6%	90.0%	0.3%	0.2%	0.1%
<= $9,200	860	8,740	$7,875,939	85.0%	97.7%	90.2%	0.3%	0.2%	0.1%
<= $9,300	960	10,860	$8,875,722	85.3%	97.7%	90.5%	0.3%	0.2%	0.1%
<= $9,400	1,100	10,960	$10,282,783	85.6%	97.8%	90.7%	0.3%	0.2%	0.1%
<= $9,500	900	8,420	$8,508,383	85.9%	97.9%	90.9%	0.3%	0.2%	0.1%
<= $9,600	980	9,860	$9,357,008	86.2%	97.9%	91.1%	0.3%	0.2%	0.1%
<= $9,700	1,000	10,440	$9,650,630	86.5%	98.0%	91.3%	0.3%	0.2%	0.1%
<= $9,800	940	8,900	$9,171,985	86.8%	98.1%	91.5%	0.3%	0.2%	0.1%
<= $9,900	940	9,720	$9,261,101	87.1%	98.1%	91.7%	0.3%	0.2%	0.1%
<= $10,000	500	4,960	$4,978,783	87.3%	98.2%	91.8%	0.2%	0.1%	0.0%
<= $10,100	840	8,500	$8,449,183	87.6%	98.2%	92.0%	0.3%	0.2%	0.1%
<= $10,200	780	8,580	$7,917,482	87.9%	98.3%	92.2%	0.3%	0.2%	0.1%
<= $10,300	840	10,100	$8,611,370	88.1%	98.3%	92.4%	0.3%	0.2%	0.1%
<= $10,400	540	5,540	$5,583,800	88.3%	98.4%	92.6%	0.2%	0.1%	0.0%
<= $10,500	740	8,660	$7,731,243	88.6%	98.4%	92.8%	0.3%	0.2%	0.0%
<= $10,600	760	7,960	$8,021,943	88.8%	98.5%	92.9%	0.3%	0.2%	0.1%

Cap Per Patient Band	Patients	Services	Total Medicare & Co-Insurance Cap Band Payments	Cum % of Cap Band Paid	Cum % of Patients	Cum % of Services	% of Paid Cap Band	% of Services	% of Patients
<= $10,700	460	5,500	$4,898,722	89.0%	98.5%	93.0%	0.2%	0.1%	0.0%
<= $10,800	660	8,040	$7,095,510	89.2%	98.5%	93.2%	0.2%	0.2%	0.0%
<= $10,900	480	4,980	$5,206,874	89.4%	98.6%	93.3%	0.2%	0.1%	0.0%
<= $11,000	580	7,460	$6,349,217	89.6%	98.6%	93.5%	0.2%	0.2%	0.0%
<= $11,100	680	7,560	$7,507,996	89.9%	98.7%	93.7%	0.2%	0.2%	0.0%
<= $11,200	640	7,360	$7,133,910	90.1%	98.7%	93.8%	0.2%	0.2%	0.0%
<= $11,300	460	5,420	$5,177,320	90.3%	98.7%	93.9%	0.2%	0.1%	0.0%
<= $11,400	560	6,720	$6,363,962	90.5%	98.8%	94.1%	0.2%	0.1%	0.0%
<= $11,500	400	4,360	$4,577,072	90.7%	98.8%	94.2%	0.2%	0.1%	0.0%
<= $11,600	460	5,440	$5,312,948	90.8%	98.8%	94.3%	0.2%	0.1%	0.0%
<= $11,700	440	4,480	$5,130,055	91.0%	98.9%	94.4%	0.2%	0.1%	0.0%
<= $11,800	480	6,420	$5,635,632	91.2%	98.9%	94.5%	0.2%	0.1%	0.0%
<= $11,900	440	4,880	$5,219,029	91.4%	98.9%	94.6%	0.2%	0.1%	0.0%
<= $12,000	440	5,260	$5,260,822	91.5%	99.0%	94.8%	0.2%	0.1%	0.0%
<= $12,100	520	7,000	$6,265,793	91.7%	99.0%	94.9%	0.2%	0.2%	0.0%
<= $12,200	320	3,720	$3,887,289	91.9%	99.0%	95.0%	0.1%	0.1%	0.0%
<= $12,300	720	9,420	$8,824,259	92.2%	99.1%	95.2%	0.3%	0.2%	0.0%
<= $12,400	280	3,700	$3,460,741	92.3%	99.1%	95.3%	0.1%	0.1%	0.0%
<= $12,500	380	4,540	$4,731,051	92.4%	99.1%	95.4%	0.2%	0.1%	0.0%
>= $12,501	13,500	212,120	$227,729,100	100.0%	100.0%	100.0%	7.6%	4.6%	0.9%
Total	**1,499,700**	**4,584,300**	**$3,010,501,854**	-	-	-	**100%**	**100%**	**100%**

Distribution of Medicare Patients by $100 Cap Payment Bands Receiving Rehabilitation Services in the Home Health Agency for 1996 in 1999 Dollars*



* This chart displays the distribution through $5000. This represents 91.3% of patients in the sample.

Data Source: 1996 Medicare 5% File in 1999 dollars.

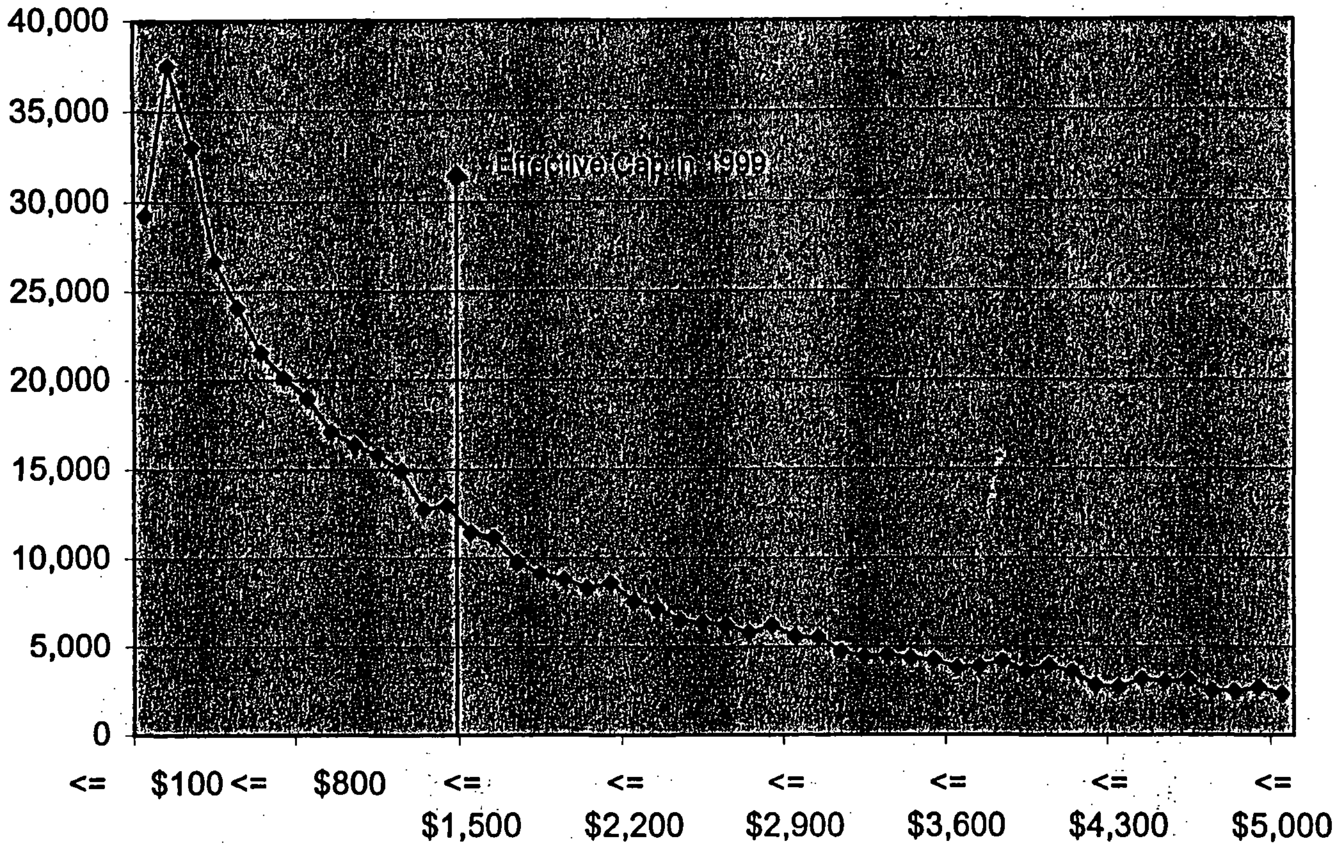
Distribution of Medicare Patients by $100 Payment Cap Bands Receiving Rehabilitation Service in the SNF Outpatient Setting for 1996 in 1999 Dollars

Cap Per Patient Band	Patients	Services	Total Medicare & Co-Insurance Cap Band Payments	Cum % of Cap Band Paid	Cum % of Patients	Cum % of Services	% of Paid Cap Bands	% of Services	% of Patients
<= $100	29,300	34,340	$1,634,129	0.1%	5.0%	1.8%	0.1%	1.8%	5.0%
<= $200	37,520	49,220	$5,625,016	0.5%	11.5%	4.5%	0.4%	2.6%	6.5%
<= $300	33,000	48,200	$8,184,663	1.0%	17.2%	7.1%	0.5%	2.6%	5.7%
<= $400	26,680	43,480	$9,314,247	1.6%	21.8%	9.4%	0.6%	2.3%	4.6%
<= $500	24,080	44,240	$10,810,539	2.3%	25.9%	11.8%	0.7%	2.4%	4.1%
<= $600	21,520	42,300	$11,833,466	3.1%	29.6%	14.1%	0.8%	2.3%	3.7%
<= $700	20,140	40,320	$13,106,410	4.0%	33.1%	16.2%	0.9%	2.2%	3.5%
<= $800	19,020	40,680	$14,270,547	4.9%	36.4%	18.4%	0.9%	2.2%	3.3%
<= $900	17,160	38,560	$14,572,054	5.9%	39.3%	20.5%	1.0%	2.1%	3.0%
<= $1,000	16,380	37,820	$15,556,454	6.9%	42.1%	22.5%	1.0%	2.0%	2.8%
<= $1,100	15,860	39,520	$16,661,166	8.0%	44.9%	24.6%	1.1%	2.1%	2.7%
<= $1,200	14,960	37,720	$17,225,371	9.1%	47.5%	26.7%	1.1%	2.0%	2.6%
<= $1,300	12,820	32,740	$16,035,343	10.1%	49.7%	28.4%	1.0%	1.8%	2.2%
<= $1,400	12,980	35,000	$17,530,650	11.3%	51.9%	30.3%	1.1%	1.9%	2.2%
<= $1,500	11,480	32,500	$16,668,339	12.4%	53.9%	32.1%	1.1%	1.7%	2.0%
<= $1,600	11,180	30,780	$17,334,706	13.5%	55.8%	33.7%	1.1%	1.7%	1.9%
<= $1,700	9,780	26,820	$16,135,792	14.6%	57.5%	35.1%	1.1%	1.4%	1.7%
<= $1,800	9,120	28,060	$15,955,966	15.6%	59.0%	36.7%	1.0%	1.5%	1.6%
<= $1,900	8,820	25,920	$16,292,251	16.7%	60.6%	38.0%	1.1%	1.4%	1.5%
<= $2,000	8,340	25,980	$16,274,787	17.7%	62.0%	39.4%	1.1%	1.4%	1.4%
<= $2,100	8,620	26,880	$17,667,428	18.9%	63.5%	40.9%	1.2%	1.4%	1.5%
<= $2,200	7,600	24,560	$16,334,712	20.0%	64.8%	42.2%	1.1%	1.3%	1.3%
<= $2,300	7,200	23,900	$16,193,123	21.0%	66.0%	43.5%	1.1%	1.3%	1.2%
<= $2,400	6,500	23,620	$15,289,446	22.0%	67.2%	44.8%	1.0%	1.3%	1.1%
<= $2,500	6,380	22,600	$15,630,607	23.1%	68.3%	46.0%	1.0%	1.2%	1.1%
<= $2,600	6,260	22,060	$15,973,788	24.1%	69.3%	47.2%	1.0%	1.2%	1.1%
<= $2,700	5,820	21,380	$15,437,461	25.1%	70.3%	48.3%	1.0%	1.1%	1.0%
<= $2,800	6,220	22,820	$17,091,012	26.2%	71.4%	49.5%	1.1%	1.2%	1.1%
<= $2,900	5,620	21,160	$16,024,579	27.3%	72.4%	50.7%	1.0%	1.1%	1.0%
<= $3,000	5,540	21,320	$16,332,662	28.4%	73.3%	51.8%	1.1%	1.1%	1.0%
<= $3,100	4,720	18,620	$14,413,404	29.3%	74.1%	52.8%	0.9%	1.0%	0.8%
<= $3,200	4,460	18,060	$14,045,012	30.2%	74.9%	53.8%	0.9%	1.0%	0.8%
<= $3,300	4,560	17,920	$14,820,990	31.2%	75.7%	54.7%	1.0%	1.0%	0.8%
<= $3,400	4,380	17,820	$14,667,250	32.1%	76.4%	55.7%	1.0%	1.0%	0.8%
<= $3,500	4,240	16,960	$14,640,167	33.1%	77.2%	56.6%	1.0%	0.9%	0.7%
<= $3,600	3,820	16,820	$13,583,066	34.0%	77.8%	57.5%	0.9%	0.9%	0.7%
<= $3,700	3,900	17,300	$14,227,987	34.9%	78.5%	58.4%	0.9%	0.9%	0.7%
<= $3,800	4,200	18,400	$15,754,017	36.0%	79.2%	59.4%	1.0%	1.0%	0.7%
<= $3,900	3,640	15,640	$14,019,513	36.9%	79.9%	60.3%	0.9%	0.8%	0.6%
<= $4,000	3,940	18,980	$15,551,173	37.9%	80.5%	61.3%	1.0%	1.0%	0.7%
<= $4,100	3,620	17,180	$14,653,710	38.9%	81.2%	62.2%	1.0%	0.9%	0.6%
<= $4,200	2,840	12,260	$11,804,290	39.6%	81.6%	62.9%	0.8%	0.7%	0.5%
<= $4,300	2,720	12,560	$11,565,887	40.4%	82.1%	63.5%	0.8%	0.7%	0.5%
<= $4,400	3,180	16,240	$13,839,068	41.3%	82.7%	64.4%	0.9%	0.9%	0.5%
<= $4,500	3,040	15,220	$13,529,269	42.2%	83.2%	65.2%	0.9%	0.8%	0.5%
<= $4,600	3,120	15,400	$14,202,871	43.1%	83.7%	66.1%	0.9%	0.8%	0.5%
<= $4,700	2,520	12,360	$11,717,891	43.9%	84.2%	66.7%	0.8%	0.7%	0.4%
<= $4,800	2,480	11,980	$11,797,120	44.6%	84.6%	67.4%	0.8%	0.6%	0.4%
<= $4,900	2,720	13,400	$13,186,734	45.5%	85.0%	68.1%	0.9%	0.7%	0.5%
<= $5,000	2,340	11,700	$11,582,745	46.3%	85.5%	68.7%	0.8%	0.6%	0.4%

Cap Per Patient Band	Patients	Services	Total Medicare & Co-Insurance Cap Band Payments	Cum % of Cap Band Paid	Cum % of Patients	Cum % of Services	% of Paid Cap Bands	% of Services	% of Patients
<= $5,100	2,140	9,640	$10,807,876	47.0%	85.8%	69.2%	0.7%	0.5%	0.4%
<= $5,200	2,300	12,000	$11,855,604	47.8%	86.2%	69.9%	0.8%	0.6%	0.4%
<= $5,300	2,120	12,480	$11,129,118	48.5%	86.6%	70.6%	0.7%	0.7%	0.4%
<= $5,400	1,820	8,920	$9,737,828	49.1%	86.9%	71.0%	0.6%	0.5%	0.3%
<= $5,500	2,100	11,380	$11,441,551	49.9%	87.3%	71.6%	0.7%	0.6%	0.4%
<= $5,600	1,940	10,520	$10,774,366	50.6%	87.6%	72.2%	0.7%	0.6%	0.3%
<= $5,700	1,780	9,780	$10,069,802	51.2%	87.9%	72.7%	0.7%	0.5%	0.3%
<= $5,800	1,840	10,380	$10,575,377	51.9%	88.2%	73.3%	0.7%	0.6%	0.3%
<= $5,900	1,660	9,720	$9,703,984	52.6%	88.5%	73.8%	0.6%	0.5%	0.3%
<= $6,000	1,420	7,620	$8,453,211	53.1%	88.7%	74.2%	0.6%	0.4%	0.2%
<= $6,100	1,580	8,660	$9,553,382	53.7%	89.0%	74.7%	0.6%	0.5%	0.3%
<= $6,200	1,400	8,580	$8,611,333	54.3%	89.3%	75.2%	0.6%	0.5%	0.2%
<= $6,300	1,720	9,540	$10,744,229	55.0%	89.6%	75.7%	0.7%	0.5%	0.3%
<= $6,400	1,600	9,140	$10,162,241	55.7%	89.8%	76.2%	0.7%	0.5%	0.3%
<= $6,500	1,500	9,100	$9,688,837	56.3%	90.1%	76.6%	0.6%	0.5%	0.3%
<= $6,600	1,480	7,920	$9,701,504	56.9%	90.3%	77.1%	0.6%	0.4%	0.3%
<= $6,700	1,080	5,900	$7,177,648	57.4%	90.5%	77.4%	0.5%	0.3%	0.2%
<= $6,800	1,100	6,120	$7,427,855	57.9%	90.7%	77.7%	0.5%	0.3%	0.2%
<= $6,900	1,780	10,080	$12,191,010	58.7%	91.0%	78.3%	0.8%	0.5%	0.3%
<= $7,000	1,120	7,100	$7,781,139	59.2%	91.2%	78.6%	0.5%	0.4%	0.2%
<= $7,100	1,040	6,180	$7,336,854	59.7%	91.4%	79.0%	0.5%	0.3%	0.2%
<= $7,200	1,200	7,160	$8,575,955	60.2%	91.6%	79.4%	0.6%	0.4%	0.2%
<= $7,300	1,340	7,120	$9,714,169	60.9%	91.8%	79.7%	0.6%	0.4%	0.2%
<= $7,400	840	5,400	$6,171,433	61.3%	92.0%	80.0%	0.4%	0.3%	0.1%
<= $7,500	1,120	6,500	$8,341,509	61.8%	92.2%	80.4%	0.5%	0.3%	0.2%
<= $7,600	1,040	6,400	$7,851,941	62.3%	92.3%	80.7%	0.5%	0.3%	0.2%
<= $7,700	1,000	6,540	$7,643,337	62.8%	92.5%	81.1%	0.5%	0.4%	0.2%
<= $7,800	1,320	8,720	$10,235,032	63.5%	92.7%	81.5%	0.7%	0.5%	0.2%
<= $7,900	900	5,940	$7,065,308	64.0%	92.9%	81.9%	0.5%	0.3%	0.2%
<= $8,000	920	5,980	$7,318,725	64.5%	93.1%	82.2%	0.5%	0.3%	0.2%
<= $8,100	560	3,880	$4,512,932	64.8%	93.2%	82.4%	0.3%	0.2%	0.1%
<= $8,200	720	4,400	$5,872,021	65.1%	93.3%	82.6%	0.4%	0.2%	0.1%
<= $8,300	720	4,400	$5,936,643	65.5%	93.4%	82.9%	0.4%	0.2%	0.1%
<= $8,400	560	3,560	$4,674,236	65.8%	93.5%	83.1%	0.3%	0.2%	0.1%
<= $8,500	760	4,680	$6,427,982	66.3%	93.6%	83.3%	0.4%	0.3%	0.1%
<= $8,600	940	5,840	$8,033,924	66.8%	93.8%	83.6%	0.5%	0.3%	0.2%
<= $8,700	820	5,440	$7,092,840	67.2%	93.9%	83.9%	0.5%	0.3%	0.1%
<= $8,800	740	5,180	$6,470,571	67.7%	94.1%	84.2%	0.4%	0.3%	0.1%
<= $8,900	620	4,140	$5,493,065	68.0%	94.2%	84.4%	0.4%	0.2%	0.1%
<= $9,000	680	4,860	$6,085,615	68.4%	94.3%	84.7%	0.4%	0.3%	0.1%
<= $9,100	980	6,800	$8,877,116	69.0%	94.5%	85.0%	0.6%	0.4%	0.2%
<= $9,200	600	3,700	$5,490,841	69.4%	94.6%	85.2%	0.4%	0.2%	0.1%
<= $9,300	720	4,560	$6,654,574	69.8%	94.7%	85.5%	0.4%	0.2%	0.1%
<= $9,400	580	3,820	$5,422,627	70.2%	94.8%	85.7%	0.4%	0.2%	0.1%
<= $9,500	480	3,340	$4,539,565	70.5%	94.9%	85.9%	0.3%	0.2%	0.1%
<= $9,600	600	4,780	$5,735,333	70.8%	95.0%	86.1%	0.4%	0.3%	0.1%
<= $9,700	480	3,580	$4,631,478	71.1%	95.1%	86.3%	0.3%	0.2%	0.1%
<= $9,800	660	4,720	$6,433,239	71.6%	95.2%	86.6%	0.4%	0.3%	0.1%
<= $9,900	720	5,120	$7,091,018	72.0%	95.3%	86.8%	0.5%	0.3%	0.1%
<= $10,000	440	3,240	$4,377,701	72.3%	95.4%	87.0%	0.3%	0.2%	0.1%
<= $10,100	480	3,560	$4,824,922	72.6%	95.4%	87.2%	0.3%	0.2%	0.1%
<= $10,200	500	3,440	$5,073,590	73.0%	95.5%	87.4%	0.3%	0.2%	0.1%
<= $10,300	560	4,100	$5,741,778	73.3%	95.6%	87.6%	0.4%	0.2%	0.1%

Cap Per Patient Band	Patients	Services	Total Medicare & Co-Insurance Cap Band Payments	Cum % of Cap Band Paid	Cum % of Patients	Cum % of Services	% of Paid Cap Bands	% of Services	% of Patients
<= $10,400	560	4,420	$5,796,473	73.7%	95.7%	87.9%	0.4%	0.2%	0.1%
<= $10,500	600	4,640	$6,269,709	74.1%	95.8%	88.1%	0.4%	0.2%	0.1%
<= $10,600	380	2,280	$4,008,796	74.4%	95.9%	88.2%	0.3%	0.1%	0.1%
<= $10,700	460	3,440	$4,902,646	74.7%	96.0%	88.4%	0.3%	0.2%	0.1%
<= $10,800	280	2,280	$3,008,486	74.9%	96.0%	88.5%	0.2%	0.1%	0.0%
<= $10,900	740	5,280	$8,028,897	75.4%	96.2%	88.8%	0.5%	0.3%	0.1%
<= $11,000	300	2,380	$3,283,906	75.6%	96.2%	88.9%	0.2%	0.1%	0.1%
<= $11,100	440	3,300	$4,858,292	76.0%	96.3%	89.1%	0.3%	0.2%	0.1%
<= $11,200	440	3,780	$4,906,335	76.3%	96.4%	89.3%	0.3%	0.2%	0.1%
<= $11,300	320	2,140	$3,600,572	76.5%	96.4%	89.4%	0.2%	0.1%	0.1%
<= $11,400	380	2,740	$4,312,208	76.8%	96.5%	89.6%	0.3%	0.1%	0.1%
<= $11,500	340	3,140	$3,896,193	77.1%	96.5%	89.8%	0.3%	0.2%	0.1%
<= $11,600	320	2,280	$3,695,123	77.3%	96.6%	89.9%	0.2%	0.1%	0.1%
<= $11,700	420	3,380	$4,893,808	77.6%	96.7%	90.1%	0.3%	0.2%	0.1%
<= $11,800	460	3,320	$5,406,566	78.0%	96.7%	90.2%	0.4%	0.2%	0.1%
<= $11,900	400	3,040	$4,735,693	78.3%	96.8%	90.4%	0.3%	0.2%	0.1%
<= $12,000	380	3,280	$4,544,077	78.6%	96.9%	90.6%	0.3%	0.2%	0.1%
<= $12,100	340	2,580	$4,096,259	78.8%	96.9%	90.7%	0.3%	0.1%	0.1%
<= $12,200	480	3,240	$5,831,770	79.2%	97.0%	90.9%	0.4%	0.2%	0.1%
<= $12,300	480	3,660	$5,879,235	79.6%	97.1%	91.1%	0.4%	0.2%	0.1%
<= $12,400	400	3,320	$4,937,610	79.9%	97.2%	91.3%	0.3%	0.2%	0.1%
<= $12,500	380	2,740	$4,731,651	80.2%	97.2%	91.4%	0.3%	0.1%	0.1%
>= $12,501	16,080	159,920	$301,650,504	100.0%	100.0%	100.0%	19.8%	8.6%	2.8%
Total	**580,840**	**1,861,560**	**$1,527,209,455**	**-**	**-**	**-**	**100%**	**100%**	**100%**

Distribution of Medicare Patients by $100 Cap Payment Bands Receiving Rehabilitation Services in the SNF Outpatient Setting for 1996 in 1999 Dollars*



* This chart displays the distribution through $5000. This represents 85.5% of patients in the sample.

Data Source: 1996 Medicare 5% File in 1999 dollars.

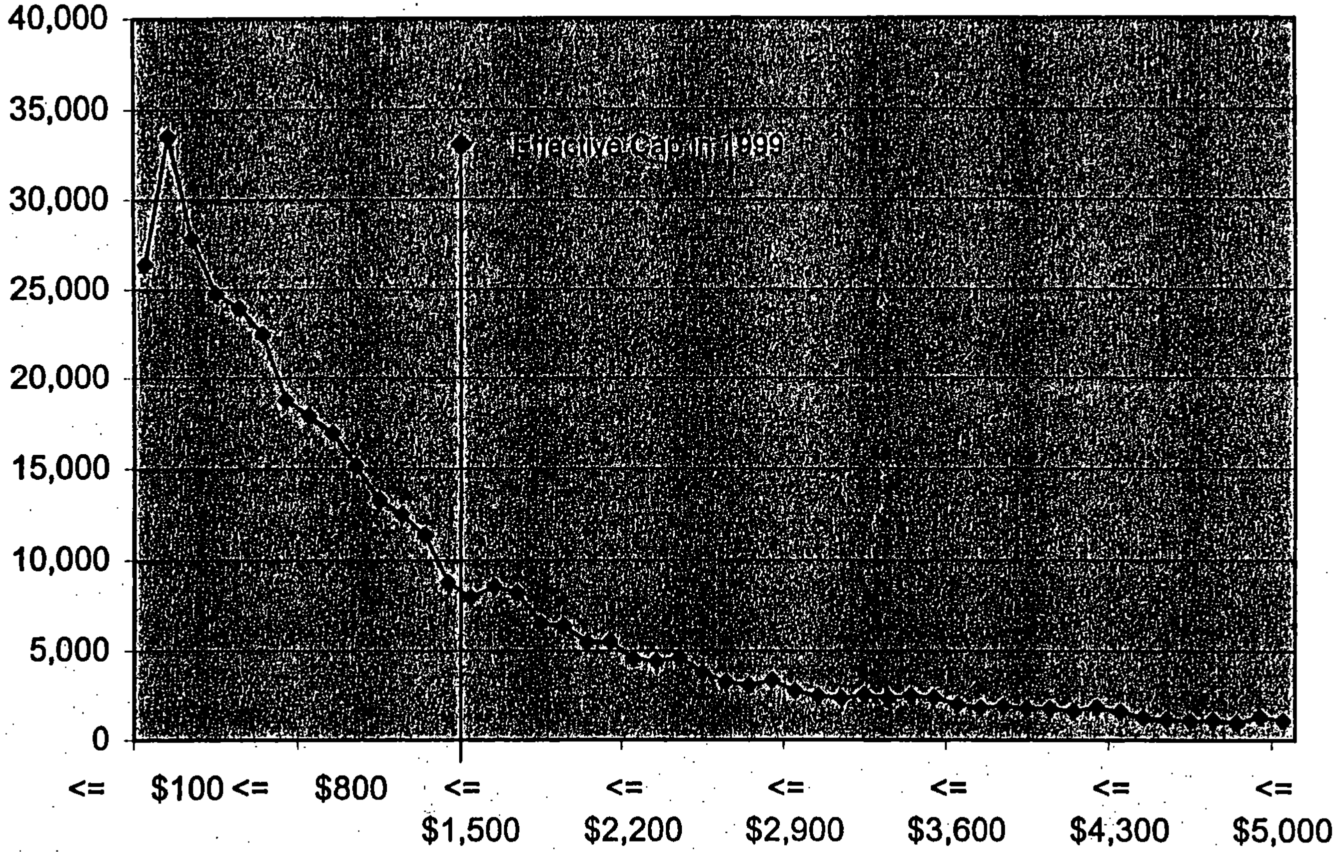
Distribution of Medicare Patients by $100 Payment Cap Bands Receiving Rehabilitation Service in the Outpatient Physical Therapy Setting for 1996 in 1999 Dollars

Cap Per Patient Band	Patients	Services	Total Medicare & Co-Insurance Cap Band Payments	Cum % of Cap Band Paid	Cum % of Patients	Cum % of Services	% of Paid Cap Bands	% of Services	% of Patients
<= $100	26,420	30,880	$1,497,936	0.2%	6.2%	2.3%	0.2%	2.3%	6.2%
<= $200	33,520	45,280	$5,034,508	0.8%	14.0%	5.6%	0.6%	3.3%	7.8%
<= $300	27,840	45,560	$6,947,498	1.6%	20.5%	9.0%	0.8%	3.4%	6.5%
<= $400	24,760	45,800	$8,690,912	2.7%	26.3%	12.3%	1.0%	3.4%	5.8%
<= $500	23,980	47,580	$10,785,634	3.9%	31.9%	15.8%	1.3%	3.5%	5.6%
<= $600	22,520	50,060	$12,419,641	5.4%	37.1%	19.5%	1.5%	3.7%	5.3%
<= $700	18,820	43,940	$12,261,028	6.9%	41.5%	22.8%	1.5%	3.2%	4.4%
<= $800	17,940	46,120	$13,465,357	8.5%	45.7%	26.2%	1.6%	3.4%	4.2%
<= $900	16,980	42,820	$14,438,609	10.2%	49.7%	29.3%	1.7%	3.2%	4.0%
<= $1,000	15,180	42,280	$14,457,063	12.0%	53.2%	32.4%	1.7%	3.1%	3.5%
<= $1,100	13,320	38,720	$13,961,059	13.6%	56.4%	35.3%	1.7%	2.9%	3.1%
<= $1,200	12,520	35,360	$14,396,055	15.3%	59.3%	37.9%	1.7%	2.6%	2.9%
<= $1,300	11,380	35,720	$14,243,546	17.0%	61.9%	40.5%	1.7%	2.6%	2.7%
<= $1,400	8,800	28,700	$11,875,829	18.5%	64.0%	42.6%	1.4%	2.1%	2.1%
<= $1,500	7,980	27,600	$11,562,006	19.8%	65.9%	44.7%	1.4%	2.0%	1.9%
<= $1,600	8,580	27,200	$13,291,275	21.4%	67.9%	46.7%	1.6%	2.0%	2.0%
<= $1,700	8,220	29,360	$13,562,091	23.1%	69.8%	48.8%	1.6%	2.2%	1.9%
<= $1,800	6,500	23,000	$11,373,063	24.4%	71.3%	50.5%	1.4%	1.7%	1.5%
<= $1,900	6,400	27,000	$11,829,335	25.8%	72.8%	52.5%	1.4%	2.0%	1.5%
<= $2,000	5,480	19,880	$10,684,911	27.1%	74.1%	54.0%	1.3%	1.5%	1.3%
<= $2,100	5,520	23,940	$11,312,503	28.5%	75.4%	55.8%	1.4%	1.8%	1.3%
<= $2,200	4,560	17,000	$9,798,154	29.6%	76.4%	57.0%	1.2%	1.3%	1.1%
<= $2,300	4,440	17,280	$9,991,506	30.8%	77.5%	58.3%	1.2%	1.3%	1.0%
<= $2,400	4,640	17,480	$10,916,535	32.1%	78.5%	59.6%	1.3%	1.3%	1.1%
<= $2,500	3,780	15,620	$9,287,500	33.2%	79.4%	60.7%	1.1%	1.2%	0.9%
<= $2,600	3,280	13,920	$8,361,297	34.2%	80.2%	61.8%	1.0%	1.0%	0.8%
<= $2,700	3,100	14,000	$8,218,482	35.2%	80.9%	62.8%	1.0%	1.0%	0.7%
<= $2,800	3,380	15,000	$9,308,861	36.3%	81.7%	63.9%	1.1%	1.1%	0.8%
<= $2,900	2,780	11,460	$7,924,816	37.3%	82.4%	64.7%	0.9%	0.8%	0.6%
<= $3,000	2,520	9,380	$7,440,373	38.2%	82.9%	65.4%	0.9%	0.7%	0.6%
<= $3,100	2,380	10,980	$7,251,337	39.0%	83.5%	66.2%	0.9%	0.8%	0.6%
<= $3,200	2,560	11,140	$8,082,038	40.0%	84.1%	67.1%	1.0%	0.8%	0.6%
<= $3,300	2,380	11,400	$7,738,325	40.9%	84.7%	67.9%	0.9%	0.8%	0.6%
<= $3,400	2,520	13,800	$8,443,689	41.9%	85.2%	68.9%	1.0%	1.0%	0.6%
<= $3,500	2,400	10,180	$8,277,534	42.9%	85.8%	69.7%	1.0%	0.8%	0.6%
<= $3,600	2,020	9,720	$7,180,952	43.8%	86.3%	70.4%	0.9%	0.7%	0.5%
<= $3,700	1,840	9,460	$6,721,208	44.6%	86.7%	71.1%	0.8%	0.7%	0.4%
<= $3,800	1,920	9,720	$7,208,275	45.5%	87.2%	71.8%	0.9%	0.7%	0.4%
<= $3,900	1,800	9,140	$6,938,168	46.3%	87.6%	72.5%	0.8%	0.7%	0.4%
<= $4,000	1,800	9,600	$7,111,571	47.1%	88.0%	73.2%	0.9%	0.7%	0.4%
<= $4,100	1,640	8,700	$6,647,233	47.9%	88.4%	73.8%	0.8%	0.6%	0.4%
<= $4,200	1,860	10,740	$7,729,629	48.8%	88.8%	74.6%	0.9%	0.8%	0.4%
<= $4,300	1,600	8,960	$6,808,913	49.7%	89.2%	75.3%	0.8%	0.7%	0.4%
<= $4,400	1,280	5,700	$5,563,632	50.3%	89.5%	75.7%	0.7%	0.4%	0.3%
<= $4,500	1,160	5,320	$5,164,161	50.9%	89.8%	76.1%	0.6%	0.4%	0.3%
<= $4,600	1,080	6,480	$4,907,043	51.5%	90.0%	76.6%	0.6%	0.5%	0.3%
<= $4,700	1,120	6,500	$5,204,177	52.2%	90.3%	77.0%	0.6%	0.5%	0.3%
<= $4,800	980	5,660	$4,657,855	52.7%	90.5%	77.4%	0.6%	0.4%	0.2%
<= $4,900	1,320	6,760	$6,403,954	53.5%	90.8%	77.9%	0.8%	0.5%	0.3%
<= $5,000	1,100	5,900	$5,449,478	54.1%	91.1%	78.4%	0.7%	0.4%	0.3%

Cap Per Patient Band	Patients	Services	Total Medicare & Co-Insurance Cap Band Payments	Cum % of Cap Band Paid	Cum % of Patients	Cum % of Services	% of Paid Cap Bands	% of Services	% of Patients
<= $5,100	1,500	8,460	$7,576,802	55.0%	91.4%	79.0%	0.9%	0.6%	0.4%
<= $5,200	1,360	7,340	$7,012,935	55.9%	91.7%	79.5%	0.8%	0.5%	0.3%
<= $5,300	780	3,760	$4,097,082	56.4%	91.9%	79.8%	0.5%	0.3%	0.2%
<= $5,400	960	6,240	$5,136,009	57.0%	92.1%	80.3%	0.6%	0.5%	0.2%
<= $5,500	1,060	6,800	$5,775,347	57.7%	92.4%	80.8%	0.7%	0.5%	0.2%
<= $5,600	900	4,780	$4,997,555	58.3%	92.6%	81.1%	0.6%	0.4%	0.2%
<= $5,700	820	6,940	$4,637,824	58.8%	92.8%	81.6%	0.6%	0.5%	0.2%
<= $5,800	780	6,220	$4,484,320	59.4%	93.0%	82.1%	0.5%	0.5%	0.2%
<= $5,900	660	4,860	$3,862,819	59.8%	93.1%	82.5%	0.5%	0.4%	0.2%
<= $6,000	600	3,840	$3,571,290	60.2%	93.3%	82.7%	0.4%	0.3%	0.1%
<= $6,100	800	4,140	$4,841,692	60.8%	93.5%	83.0%	0.6%	0.3%	0.2%
<= $6,200	720	4,700	$4,427,622	61.4%	93.6%	83.4%	0.5%	0.3%	0.2%
<= $6,300	660	4,880	$4,131,075	61.8%	93.8%	83.8%	0.5%	0.4%	0.2%
<= $6,400	580	3,300	$3,682,876	62.3%	93.9%	84.0%	0.4%	0.2%	0.1%
<= $6,500	760	4,940	$4,900,079	62.9%	94.1%	84.4%	0.6%	0.4%	0.2%
<= $6,600	600	4,140	$3,927,395	63.3%	94.2%	84.7%	0.5%	0.3%	0.1%
<= $6,700	480	3,320	$3,191,477	63.7%	94.3%	84.9%	0.4%	0.2%	0.1%
<= $6,800	520	3,020	$3,504,854	64.1%	94.5%	85.1%	0.4%	0.2%	0.1%
<= $6,900	520	3,420	$3,562,214	64.6%	94.6%	85.4%	0.4%	0.3%	0.1%
<= $7,000	540	2,980	$3,753,133	65.0%	94.7%	85.6%	0.4%	0.2%	0.1%
<= $7,100	520	4,080	$3,670,168	65.5%	94.8%	85.9%	0.4%	0.3%	0.1%
<= $7,200	460	3,060	$3,289,529	65.8%	94.9%	86.1%	0.4%	0.2%	0.1%
<= $7,300	480	3,840	$3,478,328	66.3%	95.0%	86.4%	0.4%	0.3%	0.1%
<= $7,400	400	2,720	$2,942,298	66.6%	95.1%	86.6%	0.4%	0.2%	0.1%
<= $7,500	580	3,700	$4,325,178	67.1%	95.3%	86.9%	0.5%	0.3%	0.1%
<= $7,600	280	1,900	$2,113,543	67.4%	95.3%	87.0%	0.3%	0.1%	0.1%
<= $7,700	340	1,820	$2,601,801	67.7%	95.4%	87.2%	0.3%	0.1%	0.1%
<= $7,800	480	4,320	$3,720,828	68.1%	95.5%	87.5%	0.4%	0.3%	0.1%
<= $7,900	540	3,100	$4,248,824	68.6%	95.7%	87.7%	0.5%	0.2%	0.1%
<= $8,000	360	2,520	$2,861,585	69.0%	95.7%	87.9%	0.3%	0.2%	0.1%
<= $8,100	360	2,200	$2,897,304	69.3%	95.8%	88.1%	0.3%	0.2%	0.1%
<= $8,200	380	1,960	$3,097,259	69.7%	95.9%	88.2%	0.4%	0.1%	0.1%
<= $8,300	280	2,620	$2,311,613	70.0%	96.0%	88.4%	0.3%	0.2%	0.1%
<= $8,400	340	2,120	$2,841,978	70.3%	96.1%	88.6%	0.3%	0.2%	0.1%
<= $8,500	360	2,720	$3,045,120	70.7%	96.1%	88.8%	0.4%	0.2%	0.1%
<= $8,600	340	2,940	$2,910,302	71.0%	96.2%	89.0%	0.3%	0.2%	0.1%
<= $8,700	160	1,060	$1,385,866	71.2%	96.3%	89.0%	0.2%	0.1%	0.0%
<= $8,800	320	2,080	$2,797,480	71.5%	96.3%	89.2%	0.3%	0.2%	0.1%
<= $8,900	380	2,940	$3,362,915	71.9%	96.4%	89.4%	0.4%	0.2%	0.1%
<= $9,000	360	2,360	$3,221,592	72.3%	96.5%	89.6%	0.4%	0.2%	0.1%
<= $9,100	220	1,560	$1,992,846	72.6%	96.6%	89.7%	0.2%	0.1%	0.1%
<= $9,200	320	2,180	$2,925,490	72.9%	96.6%	89.9%	0.3%	0.2%	0.1%
<= $9,300	380	2,780	$3,521,168	73.3%	96.7%	90.1%	0.4%	0.2%	0.1%
<= $9,400	320	2,460	$2,994,547	73.7%	96.8%	90.3%	0.4%	0.2%	0.1%
<= $9,500	280	2,320	$2,651,530	74.0%	96.9%	90.4%	0.3%	0.2%	0.1%
<= $9,600	240	1,940	$2,294,069	74.3%	96.9%	90.6%	0.3%	0.1%	0.1%
<= $9,700	280	1,880	$2,703,700	74.6%	97.0%	90.7%	0.3%	0.1%	0.1%
<= $9,800	360	4,180	$3,509,725	75.0%	97.1%	91.0%	0.4%	0.3%	0.1%
<= $9,900	100	860	$984,187	75.1%	97.1%	91.1%	0.1%	0.1%	0.0%
<= $10,000	300	2,260	$2,983,825	75.5%	97.2%	91.2%	0.4%	0.2%	0.1%
<= $10,100	200	1,940	$2,009,071	75.7%	97.2%	91.4%	0.2%	0.1%	0.0%
<= $10,200	120	940	$1,218,229	75.9%	97.2%	91.5%	0.1%	0.1%	0.0%
<= $10,300	280	2,200	$2,870,482	76.2%	97.3%	91.6%	0.3%	0.2%	0.1%

Cap Per Patient Band	Patients	Services	Total Medicare & Co-Insurance Cap Band Payments	Cum % of Cap Band Paid	Cum % of Patients	Cum % of Services	% of Paid Cap Bands	% of Services	% of Patients
<= $10,400	240	1,860	$2,486,168	76.5%	97.4%	91.8%	0.3%	0.1%	0.1%
<= $10,500	220	1,400	$2,299,508	76.8%	97.4%	91.9%	0.3%	0.1%	0.1%
<= $10,600	280	1,880	$2,954,640	77.1%	97.5%	92.0%	0.4%	0.1%	0.1%
<= $10,700	180	1,580	$1,918,530	77.4%	97.5%	92.1%	0.2%	0.1%	0.0%
<= $10,800	140	900	$1,504,910	77.6%	97.6%	92.2%	0.2%	0.1%	0.0%
<= $10,900	140	880	$1,519,784	77.7%	97.6%	92.2%	0.2%	0.1%	0.0%
<= $11,000	240	2,420	$2,627,204	78.1%	97.6%	92.4%	0.3%	0.2%	0.1%
<= $11,100	220	1,580	$2,432,161	78.3%	97.7%	92.5%	0.3%	0.1%	0.1%
<= $11,200	260	1,980	$2,898,428	78.7%	97.8%	92.7%	0.3%	0.1%	0.1%
<= $11,300	160	1,620	$1,799,052	78.9%	97.8%	92.8%	0.2%	0.1%	0.0%
<= $11,400	160	1,340	$1,815,167	79.1%	97.8%	92.9%	0.2%	0.1%	0.0%
<= $11,500	100	760	$1,148,423	79.3%	97.9%	93.0%	0.1%	0.1%	0.0%
<= $11,600	100	540	$1,156,162	79.4%	97.9%	93.0%	0.1%	0.0%	0.0%
<= $11,700	80	680	$932,649	79.5%	97.9%	93.0%	0.1%	0.1%	0.0%
<= $11,800	220	2,080	$2,581,596	79.8%	97.9%	93.2%	0.3%	0.2%	0.1%
<= $11,900	160	1,300	$1,897,130	80.0%	98.0%	93.3%	0.2%	0.1%	0.0%
<= $12,000	140	1,220	$1,674,493	80.2%	98.0%	93.4%	0.2%	0.1%	0.0%
<= $12,100	80	840	$963,503	80.4%	98.0%	93.4%	0.1%	0.1%	0.0%
<= $12,200	140	1,300	$1,701,204	80.6%	98.1%	93.5%	0.2%	0.1%	0.0%
<= $12,300	140	840	$1,715,566	80.8%	98.1%	93.6%	0.2%	0.1%	0.0%
<= $12,400	140	940	$1,730,645	81.0%	98.1%	93.7%	0.2%	0.1%	0.0%
<= $12,500	160	1,520	$1,992,014	81.2%	98.2%	93.8%	0.2%	0.1%	0.0%
>= $12,501	7,840	84,340	$157,153,071	100.0%	100.0%	100.0%	18.8%	6.2%	1.8%
Total	**428,160**	**1,357,240**	**$836,585,340**	-	-	-	**100%**	**100%**	**100%**

Distribution of Medicare Patients by $100 Cap Payment Bands Receiving Rehabilitation Services in the Outpatient Physical Therapy Setting for 1996 in 1999 Dollars*



* This chart displays the distribution through $5000. This represents 91.1% of patients in the sample.

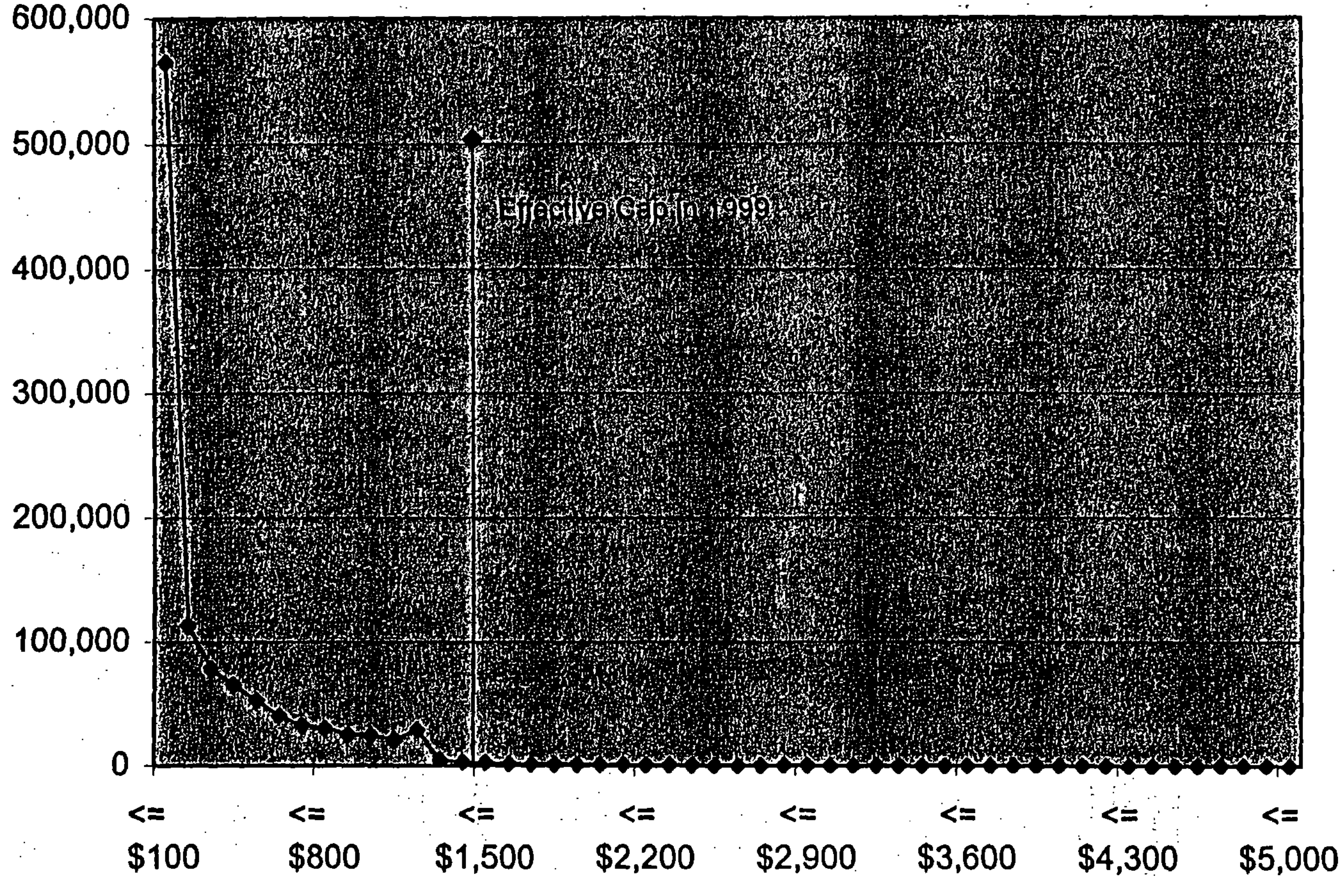
Data Source: 1996 Medicare 5% File in 1999 dollars.

Distribution of Medicare Patients by $100 Payment Cap Bands Receiving Rehabilitation Service in the Professional/Other Setting for 1996 in 1999 Dollars

Cap Per Patient Band	Patients	Services	Total Medicare & Co-Insurance Cap Band Payments	Cum % of Cap Band Paid	Cum % of Patients	Cum % of Services	% of Paid Cap Bands	% of Services	% of Patients
<= $100	565,440	3,552,280	$11,631,847	3.5%	50.9%	19.9%	3.5%	19.9%	50.9%
<= $200	113,700	836,740	$16,503,811	8.4%	61.1%	24.6%	5.0%	4.7%	10.2%
<= $300	78,820	966,280	$19,618,191	14.3%	68.2%	30.1%	5.9%	5.4%	7.1%
<= $400	65,360	1,076,640	$22,804,783	21.2%	74.1%	36.1%	6.8%	6.0%	5.9%
<= $500	53,160	1,105,840	$23,864,256	28.3%	78.9%	42.3%	7.2%	6.2%	4.8%
<= $600	40,580	984,260	$22,246,900	35.0%	82.6%	47.9%	6.7%	5.5%	3.7%
<= $700	32,760	935,880	$21,254,163	41.4%	85.5%	53.1%	6.4%	5.3%	2.9%
<= $800	30,440	988,020	$22,795,456	48.2%	88.2%	58.7%	6.8%	5.5%	2.7%
<= $900	25,260	956,440	$21,494,057	54.7%	90.5%	64.0%	6.5%	5.4%	2.3%
<= $1,000	24,800	1,046,640	$23,596,636	61.8%	92.8%	69.9%	7.1%	5.9%	2.2%
<= $1,100	20,820	1,018,060	$21,820,023	68.3%	94.6%	75.6%	6.5%	5.7%	1.9%
<= $1,200	29,320	1,590,220	$33,756,998	78.4%	97.3%	84.6%	10.1%	8.9%	2.6%
<= $1,300	5,020	283,880	$6,262,562	80.3%	97.7%	86.1%	1.9%	1.6%	0.5%
<= $1,400	3,180	196,440	$4,299,339	81.6%	98.0%	87.2%	1.3%	1.1%	0.3%
<= $1,500	2,760	171,400	$3,994,411	82.8%	98.3%	88.2%	1.2%	1.0%	0.2%
<= $1,600	1,900	112,620	$2,948,433	83.7%	98.4%	88.8%	0.9%	0.6%	0.2%
<= $1,700	1,440	106,140	$2,372,968	84.4%	98.6%	89.4%	0.7%	0.6%	0.1%
<= $1,800	1,600	105,760	$2,797,840	85.2%	98.7%	90.0%	0.8%	0.6%	0.1%
<= $1,900	1,420	101,120	$2,626,179	86.0%	98.8%	90.6%	0.8%	0.6%	0.1%
<= $2,000	1,120	85,500	$2,192,631	86.7%	98.9%	91.1%	0.7%	0.5%	0.1%
<= $2,100	1,040	87,700	$2,125,888	87.3%	99.0%	91.6%	0.6%	0.5%	0.1%
<= $2,200	900	74,300	$1,935,519	87.9%	99.1%	92.0%	0.6%	0.4%	0.1%
<= $2,300	840	73,880	$1,888,181	88.5%	99.2%	92.4%	0.6%	0.4%	0.1%
<= $2,400	880	75,720	$2,074,018	89.1%	99.3%	92.8%	0.6%	0.4%	0.1%
<= $2,500	580	53,420	$1,418,157	89.5%	99.3%	93.1%	0.4%	0.3%	0.1%
<= $2,600	520	46,400	$1,328,231	89.9%	99.4%	93.4%	0.4%	0.3%	0.0%
<= $2,700	400	39,300	$1,060,607	90.2%	99.4%	93.6%	0.3%	0.2%	0.0%
<= $2,800	400	38,460	$1,102,632	90.6%	99.4%	93.8%	0.3%	0.2%	0.0%
<= $2,900	560	58,440	$1,591,807	91.0%	99.5%	94.2%	0.5%	0.3%	0.1%
<= $3,000	380	45,040	$1,120,616	91.4%	99.5%	94.4%	0.3%	0.3%	0.0%
<= $3,100	280	28,440	$851,449	91.6%	99.5%	94.6%	0.3%	0.2%	0.0%
<= $3,200	400	46,180	$1,256,010	92.0%	99.6%	94.8%	0.4%	0.3%	0.0%
<= $3,300	240	31,860	$780,750	92.3%	99.6%	95.0%	0.2%	0.2%	0.0%
<= $3,400	220	21,120	$736,912	92.5%	99.6%	95.1%	0.2%	0.1%	0.0%
<= $3,500	180	22,540	$623,069	92.7%	99.6%	95.3%	0.2%	0.1%	0.0%
<= $3,600	160	19,500	$570,067	92.8%	99.6%	95.4%	0.2%	0.1%	0.0%
<= $3,700	260	35,300	$947,922	93.1%	99.7%	95.6%	0.3%	0.2%	0.0%
<= $3,800	180	23,700	$674,136	93.3%	99.7%	95.7%	0.2%	0.1%	0.0%
<= $3,900	160	18,640	$616,592	93.5%	99.7%	95.8%	0.2%	0.1%	0.0%
<= $4,000	140	21,520	$555,568	93.7%	99.7%	95.9%	0.2%	0.1%	0.0%
<= $4,100	140	15,100	$565,865	93.8%	99.7%	96.0%	0.2%	0.1%	0.0%
<= $4,200	200	29,540	$828,270	94.1%	99.7%	96.2%	0.2%	0.2%	0.0%
<= $4,300	140	19,400	$594,843	94.3%	99.8%	96.3%	0.2%	0.1%	0.0%
<= $4,400	60	12,680	$260,456	94.3%	99.8%	96.3%	0.1%	0.1%	0.0%
<= $4,500	100	15,820	$445,406	94.5%	99.8%	96.4%	0.1%	0.1%	0.0%
<= $4,600	120	24,220	$543,648	94.6%	99.8%	96.6%	0.2%	0.1%	0.0%
<= $4,700	180	31,320	$837,656	94.9%	99.8%	96.7%	0.3%	0.2%	0.0%
<= $4,800	140	20,620	$665,747	95.1%	99.8%	96.9%	0.2%	0.1%	0.0%
<= $4,900	120	19,460	$580,125	95.3%	99.8%	97.0%	0.2%	0.1%	0.0%
<= $5,000	40	6,800	$196,545	95.3%	99.8%	97.0%	0.1%	0.0%	0.0%

Cap Per Patient Band	Patients	Services	Total Medicare & Co-Insurance Cap Band Payments	Cum % of Cap Band Paid	Cum % of Patients	Cum % of Services	% of Paid Cap Bands	% of Services	% of Patients
<= $5,100	80	13,220	$406,416	95.4%	99.8%	97.1%	0.1%	0.1%	0.0%
<= $5,200	80	14,560	$412,413	95.6%	99.8%	97.2%	0.1%	0.1%	0.0%
<= $5,300	40	8,020	$209,248	95.6%	99.8%	97.2%	0.1%	0.0%	0.0%
<= $5,400	60	11,920	$320,810	95.7%	99.8%	97.3%	0.1%	0.1%	0.0%
<= $5,500	140	30,820	$761,746	96.0%	99.9%	97.5%	0.2%	0.2%	0.0%
<= $5,600	20	2,080	$111,072	96.0%	99.9%	97.5%	0.0%	0.0%	0.0%
<= $5,700	40	7,700	$225,684	96.1%	99.9%	97.5%	0.1%	0.0%	0.0%
<= $5,800	120	25,220	$691,071	96.3%	99.9%	97.7%	0.2%	0.1%	0.0%
<= $5,900	60	10,960	$349,572	96.4%	99.9%	97.7%	0.1%	0.1%	0.0%
<= $6,000	80	24,140	$476,335	96.5%	99.9%	97.8%	0.1%	0.1%	0.0%
<= $6,100	60	13,760	$361,603	96.6%	99.9%	97.9%	0.1%	0.1%	0.0%
<= $6,300	80	8,780	$500,826	96.8%	99.9%	98.0%	0.2%	0.0%	0.0%
<= $6,400	20	9,220	$127,260	96.8%	99.9%	98.0%	0.0%	0.1%	0.0%
<= $6,500	20	1,300	$129,464	96.9%	99.9%	98.0%	0.0%	0.0%	0.0%
<= $6,600	20	4,980	$131,018	96.9%	99.9%	98.1%	0.0%	0.0%	0.0%
<= $6,700	20	1,220	$133,813	96.9%	99.9%	98.1%	0.0%	0.0%	0.0%
<= $6,800	20	5,600	$134,562	97.0%	99.9%	98.1%	0.0%	0.0%	0.0%
<= $6,900	20	6,180	$138,011	97.0%	99.9%	98.1%	0.0%	0.0%	0.0%
<= $7,000	20	5,720	$139,480	97.1%	99.9%	98.2%	0.0%	0.0%	0.0%
<= $7,100	40	8,420	$281,587	97.1%	99.9%	98.2%	0.1%	0.0%	0.0%
<= $7,200	20	5,320	$142,603	97.2%	99.9%	98.2%	0.0%	0.0%	0.0%
<= $7,400	20	5,980	$147,099	97.2%	99.9%	98.3%	0.0%	0.0%	0.0%
<= $7,500	60	17,980	$446,608	97.4%	99.9%	98.4%	0.1%	0.1%	0.0%
<= $7,600	20	5,960	$150,808	97.4%	99.9%	98.4%	0.0%	0.0%	0.0%
<= $7,700	20	7,140	$153,300	97.5%	99.9%	98.5%	0.0%	0.0%	0.0%
<= $7,800	20	3,180	$155,181	97.5%	99.9%	98.5%	0.0%	0.0%	0.0%
<= $7,900	20	6,720	$156,874	97.5%	99.9%	98.5%	0.0%	0.0%	0.0%
<= $8,000	20	2,560	$158,394	97.6%	99.9%	98.5%	0.0%	0.0%	0.0%
<= $8,100	20	1,580	$161,576	97.6%	99.9%	98.5%	0.0%	0.0%	0.0%
<= $8,200	20	7,540	$162,067	97.7%	99.9%	98.6%	0.0%	0.0%	0.0%
<= $8,300	20	11,500	$165,089	97.7%	99.9%	98.6%	0.0%	0.1%	0.0%
<= $8,500	40	15,160	$339,832	97.8%	99.9%	98.7%	0.1%	0.1%	0.0%
<= $8,700	40	7,860	$347,120	97.9%	99.9%	98.8%	0.1%	0.0%	0.0%
<= $8,800	40	9,720	$350,968	98.0%	99.9%	98.8%	0.1%	0.1%	0.0%
<= $9,200	60	23,320	$549,479	98.2%	100.0%	99.0%	0.2%	0.1%	0.0%
<= $9,300	40	8,940	$371,719	98.3%	100.0%	99.0%	0.1%	0.1%	0.0%
<= $9,400	60	23,840	$561,796	98.5%	100.0%	99.1%	0.2%	0.1%	0.0%
<= $9,500	80	29,580	$757,273	98.7%	100.0%	99.3%	0.2%	0.2%	0.0%
<= $9,600	20	3,540	$191,481	98.8%	100.0%	99.3%	0.1%	0.0%	0.0%
<= $9,700	20	7,660	$192,727	98.8%	100.0%	99.4%	0.1%	0.0%	0.0%
<= $10,300	20	1,260	$205,279	98.9%	100.0%	99.4%	0.1%	0.0%	0.0%
<= $10,400	40	16,460	$413,425	99.0%	100.0%	99.5%	0.1%	0.1%	0.0%
<= $10,600	20	3,580	$210,347	99.1%	100.0%	99.5%	0.1%	0.0%	0.0%
<= $10,900	20	6,600	$216,055	99.2%	100.0%	99.5%	0.1%	0.0%	0.0%
<= $11,400	20	3,120	$226,769	99.2%	100.0%	99.5%	0.1%	0.0%	0.0%
<= $11,600	20	8,800	$230,127	99.3%	100.0%	99.6%	0.1%	0.0%	0.0%
<= $12,100	20	2,220	$240,892	99.4%	100.0%	99.6%	0.1%	0.0%	0.0%
<= $12,300	20	9,900	$245,740	99.4%	100.0%	99.7%	0.1%	0.1%	0.0%
>= $12,501	100	61,140	$1,886,238	100.0%	100.0%	100.0%	0.6%	0.3%	0.0%
Total	**1,110,840**	**17,808,560**	**$333,237,034**	-	-	-	**100%**	**100%**	**100%**

Distribution of Medicare Patients by $100 Cap Payment Bands Receiving Rehabilitation Services in the Professional/ Other Setting for 1996 in 1999 Dollars*



* This chart displays the distribution through $5000. This represents 99.8% of patients in the sample.

Data Source: 1996 Medicare 5% File in 1999 dollars.

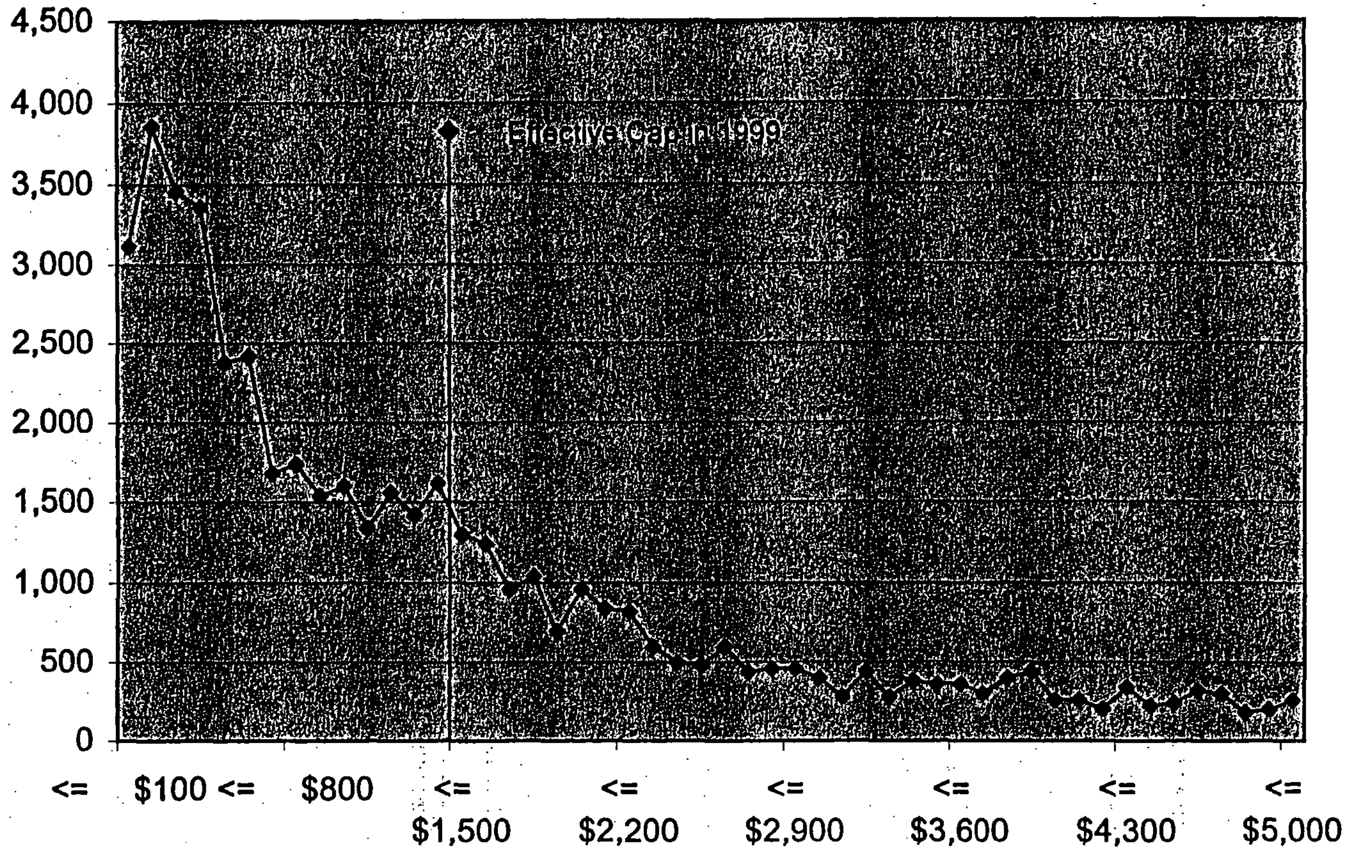
Distribution of Medicare Patients by $100 Payment Cap Bands Receiving Rehabilitation Service in the CORF Setting for 1996 in 1999 Dollars

Cap Per Patient Band	Patients	Services	Total Medicare & Co-Insurance Cap Band Payments	Cum % of Cap Band Paid	Cum % of Patients	Cum % of Services	% of Paid Cap Bands	% of Services	% of Patients
<= $100	3,120	4,040	$187,943	0.1%	5.3%	1.9%	0.1%	1.9%	5.3%
<= $200	3,860	5,400	$555,827	0.4%	11.9%	4.5%	0.3%	2.6%	6.6%
<= $300	3,460	5,120	$870,809	0.9%	17.8%	7.0%	0.5%	2.5%	5.9%
<= $400	3,360	6,700	$1,180,170	1.5%	23.5%	10.2%	0.7%	3.2%	5.7%
<= $500	2,380	4,860	$1,067,209	2.1%	27.6%	12.5%	0.6%	2.3%	4.1%
<= $600	2,420	5,480	$1,329,964	2.9%	31.7%	15.1%	0.7%	2.6%	4.1%
<= $700	1,680	3,420	$1,092,085	3.5%	34.5%	16.8%	0.6%	1.6%	2.9%
<= $800	1,740	3,960	$1,305,927	4.2%	37.5%	18.7%	0.7%	1.9%	3.0%
<= $900	1,540	3,860	$1,315,703	4.9%	40.1%	20.5%	0.7%	1.8%	2.6%
<= $1,000	1,600	3,840	$1,515,797	5.7%	42.8%	22.4%	0.8%	1.8%	2.7%
<= $1,100	1,340	3,440	$1,414,052	6.5%	45.1%	24.0%	0.8%	1.6%	2.3%
<= $1,200	1,560	4,440	$1,790,804	7.5%	47.8%	26.1%	1.0%	2.1%	2.7%
<= $1,300	1,420	4,240	$1,776,540	8.5%	50.2%	28.2%	1.0%	2.0%	2.4%
<= $1,400	1,620	5,100	$2,188,416	9.7%	53.0%	30.6%	1.2%	2.4%	2.8%
<= $1,500	1,300	4,340	$1,887,943	10.7%	55.2%	32.7%	1.0%	2.1%	2.2%
<= $1,600	1,240	3,520	$1,922,243	11.8%	57.3%	34.4%	1.1%	1.7%	2.1%
<= $1,700	960	3,000	$1,585,782	12.7%	58.9%	35.8%	0.9%	1.4%	1.6%
<= $1,800	1,040	3,140	$1,819,320	13.7%	60.7%	37.3%	1.0%	1.5%	1.8%
<= $1,900	700	2,300	$1,294,070	14.4%	61.9%	38.4%	0.7%	1.1%	1.2%
<= $2,000	960	3,380	$1,876,441	15.4%	63.5%	40.0%	1.0%	1.6%	1.6%
<= $2,100	840	3,040	$1,719,505	16.4%	65.0%	41.5%	0.9%	1.5%	1.4%
<= $2,200	820	3,000	$1,767,816	17.4%	66.3%	42.9%	1.0%	1.4%	1.4%
<= $2,300	600	2,020	$1,350,839	18.1%	67.4%	43.9%	0.7%	1.0%	1.0%
<= $2,400	500	1,660	$1,173,123	18.8%	68.2%	44.7%	0.6%	0.8%	0.9%
<= $2,500	480	1,920	$1,175,470	19.4%	69.0%	45.6%	0.6%	0.9%	0.8%
<= $2,600	600	2,340	$1,530,718	20.2%	70.1%	46.7%	0.8%	1.1%	1.0%
<= $2,700	440	1,620	$1,163,698	20.9%	70.8%	47.5%	0.6%	0.8%	0.7%
<= $2,800	460	2,240	$1,270,110	21.6%	71.6%	48.6%	0.7%	1.1%	0.8%
<= $2,900	460	1,620	$1,314,333	22.3%	72.4%	49.4%	0.7%	0.8%	0.8%
<= $3,000	400	1,760	$1,182,831	23.0%	73.1%	50.2%	0.7%	0.8%	0.7%
<= $3,100	280	1,200	$858,646	23.4%	73.5%	50.8%	0.5%	0.6%	0.5%
<= $3,200	440	1,640	$1,386,265	24.2%	74.3%	51.6%	0.8%	0.8%	0.7%
<= $3,300	280	1,240	$912,882	24.7%	74.8%	52.2%	0.5%	0.6%	0.5%
<= $3,400	380	1,560	$1,274,145	25.4%	75.4%	52.9%	0.7%	0.7%	0.6%
<= $3,500	360	1,580	$1,240,448	26.1%	76.0%	53.7%	0.7%	0.8%	0.6%
<= $3,600	360	2,140	$1,281,392	26.8%	76.6%	54.7%	0.7%	1.0%	0.6%
<= $3,700	300	840	$1,089,438	27.4%	77.1%	55.1%	0.6%	0.4%	0.5%
<= $3,800	400	3,220	$1,502,468	28.2%	77.8%	56.6%	0.8%	1.5%	0.7%
<= $3,900	440	1,840	$1,693,576	29.2%	78.6%	57.5%	0.9%	0.9%	0.7%
<= $4,000	260	1,140	$1,027,110	29.7%	79.0%	58.1%	0.6%	0.5%	0.4%
<= $4,100	260	1,280	$1,049,904	30.3%	79.5%	58.7%	0.6%	0.6%	0.4%
<= $4,200	200	1,020	$829,834	30.8%	79.8%	59.2%	0.5%	0.5%	0.3%
<= $4,300	340	1,660	$1,446,047	31.6%	80.4%	60.0%	0.8%	0.8%	0.6%
<= $4,400	220	1,320	$957,665	32.1%	80.8%	60.6%	0.5%	0.6%	0.4%
<= $4,500	240	1,060	$1,067,873	32.7%	81.2%	61.1%	0.6%	0.5%	0.4%
<= $4,600	320	1,580	$1,454,520	33.5%	81.7%	61.9%	0.8%	0.8%	0.5%
<= $4,700	300	1,480	$1,391,630	34.3%	82.2%	62.6%	0.8%	0.7%	0.5%
<= $4,800	180	860	$860,101	34.7%	82.5%	63.0%	0.5%	0.4%	0.3%
<= $4,900	200	2,220	$971,994	35.3%	82.9%	64.1%	0.5%	1.1%	0.3%
<= $5,000	260	960	$1,287,813	36.0%	83.3%	64.5%	0.7%	0.5%	0.4%

Cap Per Patient Band	Patients	Services	Total Medicare & Co-Insurance Cap Band Payments	Cum % of Cap Band Paid	Cum % of Patients	Cum % of Services	% of Paid Cap Bands	% of Services	% of Patients
<= $5,100	240	1,300	$1,211,905	36.6%	83.7%	65.1%	0.7%	0.6%	0.4%
<= $5,200	180	880	$926,678	37.2%	84.0%	65.6%	0.5%	0.4%	0.3%
<= $5,300	220	2,000	$1,156,294	37.8%	84.4%	66.5%	0.6%	1.0%	0.4%
<= $5,400	280	1,240	$1,496,873	38.6%	84.9%	67.1%	0.8%	0.6%	0.5%
<= $5,500	160	1,540	$871,556	39.1%	85.1%	67.8%	0.5%	0.7%	0.3%
<= $5,600	200	920	$1,112,354	39.7%	85.5%	68.3%	0.6%	0.4%	0.3%
<= $5,700	160	840	$906,566	40.2%	85.8%	68.7%	0.5%	0.4%	0.3%
<= $5,800	120	700	$689,820	40.6%	86.0%	69.0%	0.4%	0.3%	0.2%
<= $5,900	120	1,000	$701,424	41.0%	86.2%	69.5%	0.4%	0.5%	0.2%
<= $6,000	100	400	$597,512	41.3%	86.3%	69.7%	0.3%	0.2%	0.2%
<= $6,100	140	780	$847,136	41.8%	86.6%	70.1%	0.5%	0.4%	0.2%
<= $6,200	60	280	$370,168	42.0%	86.7%	70.2%	0.2%	0.1%	0.1%
<= $6,300	180	1,100	$1,127,709	42.6%	87.0%	70.7%	0.6%	0.5%	0.3%
<= $6,400	220	1,020	$1,400,400	43.4%	87.4%	71.2%	0.8%	0.5%	0.4%
<= $6,500	40	260	$258,299	43.5%	87.4%	71.3%	0.1%	0.1%	0.1%
<= $6,600	220	1,180	$1,442,948	44.3%	87.8%	71.9%	0.8%	0.6%	0.4%
<= $6,700	140	900	$930,289	44.8%	88.0%	72.3%	0.5%	0.4%	0.2%
<= $6,800	60	200	$403,405	45.1%	88.1%	72.4%	0.2%	0.1%	0.1%
<= $6,900	80	760	$547,105	45.4%	88.3%	72.8%	0.3%	0.4%	0.1%
<= $7,000	100	480	$696,316	45.7%	88.5%	73.0%	0.4%	0.2%	0.2%
<= $7,100	120	860	$844,981	46.2%	88.7%	73.4%	0.5%	0.4%	0.2%
<= $7,200	140	800	$1,002,905	46.8%	88.9%	73.8%	0.6%	0.4%	0.2%
<= $7,300	80	1,080	$580,546	47.1%	89.0%	74.3%	0.3%	0.5%	0.1%
<= $7,400	120	760	$882,020	47.6%	89.2%	74.7%	0.5%	0.4%	0.2%
<= $7,500	160	900	$1,191,975	48.2%	89.5%	75.1%	0.7%	0.4%	0.3%
<= $7,600	140	1,300	$1,057,066	48.8%	89.7%	75.8%	0.6%	0.6%	0.2%
<= $7,700	80	420	$610,632	49.1%	89.9%	76.0%	0.3%	0.2%	0.1%
<= $7,800	80	720	$620,086	49.5%	90.0%	76.3%	0.3%	0.3%	0.1%
<= $7,900	140	840	$1,098,397	50.1%	90.3%	76.7%	0.6%	0.4%	0.2%
<= $8,000	80	200	$637,935	50.4%	90.4%	76.8%	0.4%	0.1%	0.1%
<= $8,100	100	640	$804,751	50.9%	90.6%	77.1%	0.4%	0.3%	0.2%
<= $8,200	100	1,020	$815,141	51.3%	90.7%	77.6%	0.4%	0.5%	0.2%
<= $8,300	100	700	$826,324	51.8%	90.9%	77.9%	0.5%	0.3%	0.2%
<= $8,400	180	960	$1,506,539	52.6%	91.2%	78.4%	0.8%	0.5%	0.3%
<= $8,500	180	880	$1,521,510	53.5%	91.5%	78.8%	0.8%	0.4%	0.3%
<= $8,600	60	220	$512,457	53.7%	91.6%	78.9%	0.3%	0.1%	0.1%
<= $8,700	180	1,440	$1,557,780	54.6%	91.9%	79.6%	0.9%	0.7%	0.3%
<= $8,800	20	160	$174,075	54.7%	92.0%	79.7%	0.1%	0.1%	0.0%
<= $8,900	100	700	$884,901	55.2%	92.1%	80.0%	0.5%	0.3%	0.2%
<= $9,100	60	200	$544,032	55.5%	92.2%	80.1%	0.3%	0.1%	0.1%
<= $9,200	60	580	$548,705	55.8%	92.3%	80.4%	0.3%	0.3%	0.1%
<= $9,300	60	400	$555,837	56.1%	92.4%	80.6%	0.3%	0.2%	0.1%
<= $9,400	80	920	$749,469	56.5%	92.6%	81.0%	0.4%	0.4%	0.1%
<= $9,500	60	400	$565,839	56.8%	92.7%	81.2%	0.3%	0.2%	0.1%
<= $9,600	20	220	$190,191	56.9%	92.7%	81.3%	0.1%	0.1%	0.0%
<= $9,700	40	160	$385,344	57.1%	92.8%	81.4%	0.2%	0.1%	0.1%
<= $9,800	80	420	$779,372	57.6%	92.9%	81.6%	0.4%	0.2%	0.1%
<= $9,900	40	860	$393,047	57.8%	93.0%	82.0%	0.2%	0.4%	0.1%
<= $10,000	20	280	$199,503	57.9%	93.0%	82.2%	0.1%	0.1%	0.0%
<= $10,100	60	380	$601,262	58.2%	93.1%	82.3%	0.3%	0.2%	0.1%
<= $10,200	80	320	$811,081	58.7%	93.3%	82.5%	0.4%	0.2%	0.1%
<= $10,300	120	500	$1,231,054	59.4%	93.5%	82.7%	0.7%	0.2%	0.2%
<= $10,400	40	180	$412,951	59.6%	93.5%	82.8%	0.2%	0.1%	0.1%

Cap Per Patient Band	Patients	Services	Total Medicare & Co-Insurance Cap Band Payments	Cum % of Cap Band Paid	Cum % of Patients	Cum % of Services	% of Paid Cap Bands	% of Services	% of Patients
<= $10,500	80	500	$837,270	60.0%	93.7%	83.1%	0.5%	0.2%	0.1%
<= $10,700	80	720	$850,622	60.5%	93.8%	83.4%	0.5%	0.3%	0.1%
<= $10,800	20	180	$215,759	60.6%	93.8%	83.5%	0.1%	0.1%	0.0%
<= $10,900	20	60	$217,019	60.8%	93.9%	83.5%	0.1%	0.0%	0.0%
<= $11,000	40	160	$438,297	61.0%	93.9%	83.6%	0.2%	0.1%	0.1%
<= $11,100	60	680	$662,738	61.4%	94.0%	83.9%	0.4%	0.3%	0.1%
<= $11,300	40	640	$449,842	61.6%	94.1%	84.2%	0.2%	0.3%	0.1%
<= $11,400	20	80	$226,775	61.7%	94.1%	84.3%	0.1%	0.0%	0.0%
<= $11,500	60	240	$687,502	62.1%	94.2%	84.4%	0.4%	0.1%	0.1%
<= $11,600	80	960	$923,968	62.6%	94.4%	84.8%	0.5%	0.5%	0.1%
<= $11,700	60	320	$699,700	63.0%	94.5%	85.0%	0.4%	0.2%	0.1%
<= $11,800	60	300	$705,023	63.4%	94.6%	85.1%	0.4%	0.1%	0.1%
<= $11,900	80	720	$947,908	63.9%	94.7%	85.5%	0.5%	0.3%	0.1%
<= $12,000	20	100	$238,595	64.1%	94.8%	85.5%	0.1%	0.0%	0.0%
<= $12,200	40	160	$487,513	64.3%	94.8%	85.6%	0.3%	0.1%	0.1%
<= $12,300	20	120	$245,124	64.5%	94.9%	85.7%	0.1%	0.1%	0.0%
<= $12,400	120	1,120	$1,483,637	65.3%	95.1%	86.2%	0.8%	0.5%	0.2%
<= $12,500	60	360	$749,548	65.7%	95.2%	86.4%	0.4%	0.2%	0.1%
>= $12,501	2,840	28,440	$62,180,667	100.0%	100.0%	100.0%	34.3%	13.6%	4.8%
Total	**58,720**	**208,700**	**$181,249,216**	-	-	-	**100%**	**100%**	**100%**

Distribution of Medicare Patients by $100 Cap Payment Bands Receiving Rehabilitation Services in the CORF Setting for 1996 in 1999 Dollars*



* This chart displays the distribution through $5000. This represents 83.3% of patients in the sample.

Data Source: 1996 Medicare 5% File in 1999 dollars.

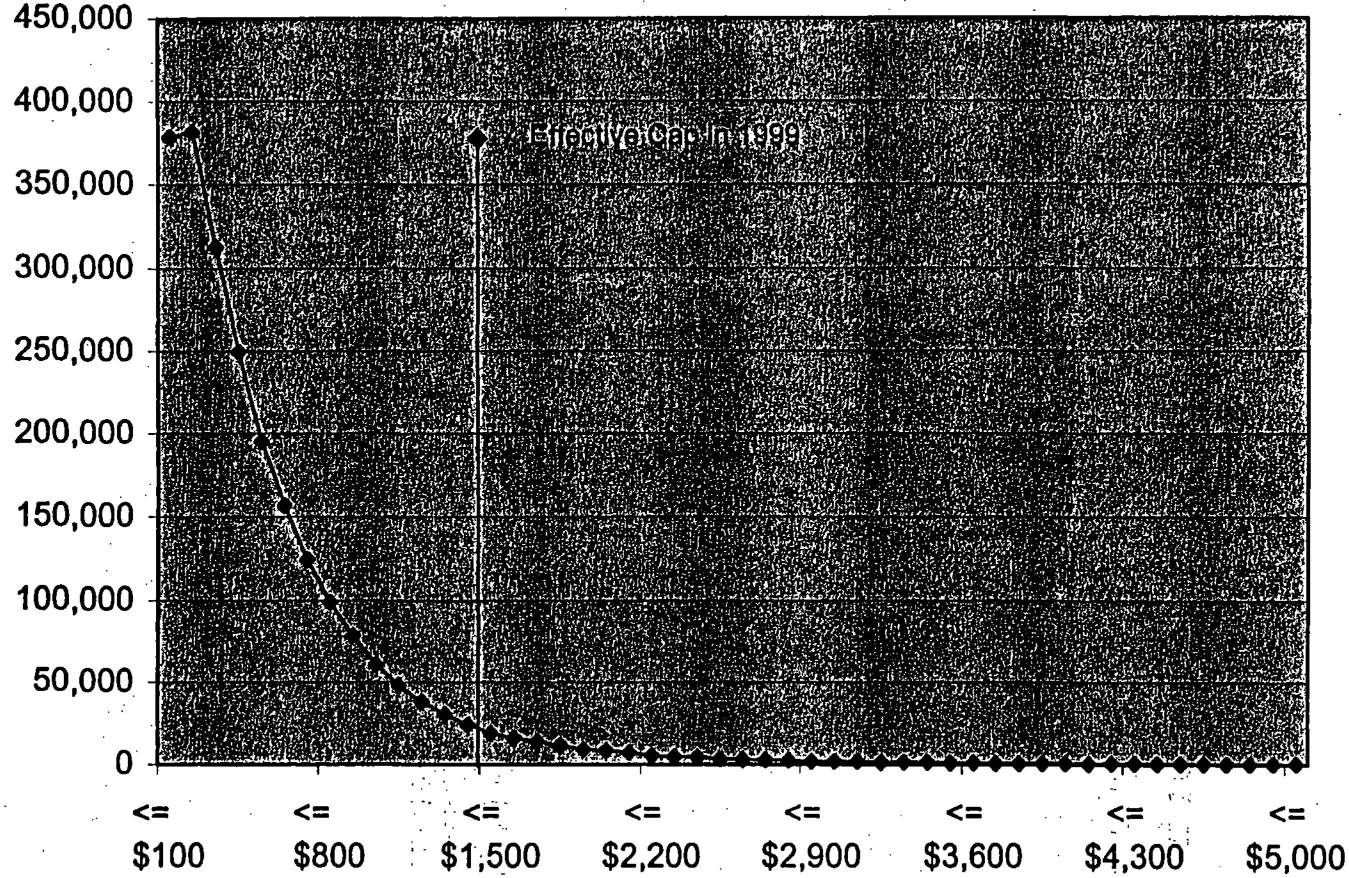
Distribution of Medicare Patients by $100 Payment Cap Bands Receiving Rehabilitation Service in the Short Term Hospital Inpatient Setting for 1996 in 1999 Dollars

Cap Per Patient Band	Patients	Services	Total Medicare & Co-Insurance Cap Band Payments	Cum % of Cap Band Paid	Cum % of Patients	Cum % of Services	% of Paid Cap Bands	% of Services	% of Patients
<= $100	379,140	507,340	$18,027,249	1.5%	16.3%	11.3%	1.5%	11.3%	16.3%
<= $200	382,180	522,920	$57,232,219	6.2%	32.7%	23.0%	4.7%	11.7%	16.4%
<= $300	313,040	481,500	$77,930,526	12.7%	46.2%	33.7%	6.5%	10.7%	13.5%
<= $400	249,880	424,880	$87,162,773	19.9%	57.0%	43.2%	7.2%	9.5%	10.7%
<= $500	195,580	369,500	$87,755,946	27.2%	65.4%	51.4%	7.3%	8.2%	8.4%
<= $600	156,840	321,420	$86,139,453	34.3%	72.1%	58.6%	7.1%	7.2%	6.7%
<= $700	124,740	272,780	$80,975,048	41.0%	77.5%	64.7%	6.7%	6.1%	5.4%
<= $800	99,100	233,200	$74,245,230	47.2%	81.7%	69.9%	6.2%	5.2%	4.3%
<= $900	78,820	199,240	$66,854,133	52.7%	85.1%	74.3%	5.5%	4.4%	3.4%
<= $1,000	60,760	160,160	$57,619,746	57.5%	87.8%	77.9%	4.8%	3.6%	2.6%
<= $1,100	48,120	133,100	$50,472,387	61.7%	89.8%	80.9%	4.2%	3.0%	2.1%
<= $1,200	38,500	115,200	$44,212,669	65.3%	91.5%	83.4%	3.7%	2.6%	1.7%
<= $1,300	30,900	94,280	$38,559,765	68.5%	92.8%	85.5%	3.2%	2.1%	1.3%
<= $1,400	24,420	78,380	$32,959,857	71.3%	93.9%	87.3%	2.7%	1.7%	1.1%
<= $1,500	19,120	62,280	$27,703,009	73.6%	94.7%	88.7%	2.3%	1.4%	0.8%
<= $1,600	16,260	56,200	$25,185,301	75.7%	95.4%	89.9%	2.1%	1.3%	0.7%
<= $1,700	14,220	49,960	$23,458,353	77.6%	96.0%	91.0%	1.9%	1.1%	0.6%
<= $1,800	11,660	44,120	$20,376,283	79.3%	96.5%	92.0%	1.7%	1.0%	0.5%
<= $1,900	9,260	35,640	$17,130,864	80.7%	96.9%	92.8%	1.4%	0.8%	0.4%
<= $2,000	8,580	32,440	$16,719,700	82.1%	97.3%	93.5%	1.4%	0.7%	0.4%
<= $2,100	7,380	28,800	$15,136,838	83.3%	97.6%	94.2%	1.3%	0.6%	0.3%
<= $2,200	5,500	20,960	$11,840,435	84.3%	97.8%	94.6%	1.0%	0.5%	0.2%
<= $2,300	4,860	19,360	$10,923,112	85.2%	98.0%	95.1%	0.9%	0.4%	0.2%
<= $2,400	4,700	19,540	$11,043,816	86.1%	98.2%	95.5%	0.9%	0.4%	0.2%
<= $2,500	3,600	15,680	$8,816,942	86.9%	98.4%	95.9%	0.7%	0.3%	0.2%
<= $2,600	3,200	12,680	$8,156,702	87.6%	98.5%	96.1%	0.7%	0.3%	0.1%
<= $2,700	2,840	12,520	$7,533,987	88.2%	98.6%	96.4%	0.6%	0.3%	0.1%
<= $2,800	2,700	11,620	$7,424,467	88.8%	98.8%	96.7%	0.6%	0.3%	0.1%
<= $2,900	2,000	8,760	$5,700,981	89.3%	98.8%	96.9%	0.5%	0.2%	0.1%
<= $3,000	2,100	9,820	$6,189,083	89.8%	98.9%	97.1%	0.5%	0.2%	0.1%
<= $3,100	1,960	9,980	$5,974,175	90.3%	99.0%	97.3%	0.5%	0.2%	0.1%
<= $3,200	1,460	6,260	$4,597,333	90.7%	99.1%	97.5%	0.4%	0.1%	0.1%
<= $3,300	1,480	7,360	$4,805,496	91.1%	99.1%	97.6%	0.4%	0.2%	0.1%
<= $3,400	1,480	7,580	$4,949,923	91.5%	99.2%	97.8%	0.4%	0.2%	0.1%
<= $3,500	1,000	5,000	$3,451,586	91.7%	99.2%	97.9%	0.3%	0.1%	0.0%
<= $3,600	1,080	5,200	$3,839,020	92.1%	99.3%	98.0%	0.3%	0.1%	0.0%
<= $3,700	840	4,180	$3,066,848	92.3%	99.3%	98.1%	0.3%	0.1%	0.0%
<= $3,800	760	3,560	$2,849,426	92.6%	99.4%	98.2%	0.2%	0.1%	0.0%
<= $3,900	860	4,180	$3,313,226	92.8%	99.4%	98.3%	0.3%	0.1%	0.0%
<= $4,000	840	4,940	$3,314,830	93.1%	99.4%	98.4%	0.3%	0.1%	0.0%
<= $4,100	500	2,720	$2,020,518	93.3%	99.5%	98.5%	0.2%	0.1%	0.0%
<= $4,200	780	4,880	$3,236,909	93.5%	99.5%	98.6%	0.3%	0.1%	0.0%
<= $4,300	720	3,360	$3,058,537	93.8%	99.5%	98.6%	0.3%	0.1%	0.0%
<= $4,400	540	2,460	$2,351,642	94.0%	99.5%	98.7%	0.2%	0.1%	0.0%
<= $4,500	580	3,420	$2,584,484	94.2%	99.6%	98.8%	0.2%	0.1%	0.0%
<= $4,600	540	3,140	$2,460,450	94.4%	99.6%	98.8%	0.2%	0.1%	0.0%
<= $4,700	480	2,380	$2,230,180	94.6%	99.6%	98.9%	0.2%	0.1%	0.0%
<= $4,800	340	2,000	$1,618,703	94.7%	99.6%	98.9%	0.1%	0.0%	0.0%
<= $4,900	360	1,720	$1,747,735	94.9%	99.6%	99.0%	0.1%	0.0%	0.0%
<= $5,000	660	3,480	$3,263,679	95.1%	99.7%	99.1%	0.3%	0.1%	0.0%
<= $5,100	340	1,760	$1,716,611	95.3%	99.7%	99.1%	0.1%	0.0%	0.0%

Cap Per Patient Band	Patients	Services	Total Medicare & Co-Insurance Cap Band Payments	Cum % of Cap Band Paid	Cum % of Patients	Cum % of Services	% of Paid Cap Bands	% of Services	% of Patients
<= $5,200	380	2,380	$1,956,651	95.4%	99.7%	99.1%	0.2%	0.1%	0.0%
<= $5,300	380	2,260	$1,998,032	95.6%	99.7%	99.2%	0.2%	0.1%	0.0%
<= $5,400	420	1,960	$2,247,901	95.8%	99.7%	99.2%	0.2%	0.0%	0.0%
<= $5,500	340	2,160	$1,849,414	96.0%	99.8%	99.3%	0.2%	0.0%	0.0%
<= $5,600	220	1,100	$1,225,394	96.1%	99.8%	99.3%	0.1%	0.0%	0.0%
<= $5,700	320	1,740	$1,812,001	96.2%	99.8%	99.4%	0.2%	0.0%	0.0%
<= $5,800	160	1,100	$919,750	96.3%	99.8%	99.4%	0.1%	0.0%	0.0%
<= $5,900	260	1,260	$1,517,343	96.4%	99.8%	99.4%	0.1%	0.0%	0.0%
<= $6,000	140	700	$830,141	96.5%	99.8%	99.4%	0.1%	0.0%	0.0%
<= $6,100	240	1,280	$1,454,663	96.6%	99.8%	99.4%	0.1%	0.0%	0.0%
<= $6,200	180	540	$1,108,738	96.7%	99.8%	99.5%	0.1%	0.0%	0.0%
<= $6,300	140	820	$875,766	96.8%	99.8%	99.5%	0.1%	0.0%	0.0%
<= $6,400	220	1,040	$1,398,798	96.9%	99.8%	99.5%	0.1%	0.0%	0.0%
<= $6,500	100	440	$643,582	96.9%	99.8%	99.5%	0.1%	0.0%	0.0%
<= $6,600	100	260	$654,117	97.0%	99.8%	99.5%	0.1%	0.0%	0.0%
<= $6,700	140	860	$932,525	97.1%	99.8%	99.5%	0.1%	0.0%	0.0%
<= $6,800	120	520	$809,994	97.1%	99.9%	99.5%	0.1%	0.0%	0.0%
<= $6,900	220	1,260	$1,507,624	97.3%	99.9%	99.6%	0.1%	0.0%	0.0%
<= $7,000	180	640	$1,251,713	97.4%	99.9%	99.6%	0.1%	0.0%	0.0%
<= $7,100	60	240	$423,337	97.4%	99.9%	99.6%	0.0%	0.0%	0.0%
<= $7,200	160	860	$1,144,291	97.5%	99.9%	99.6%	0.1%	0.0%	0.0%
<= $7,300	100	400	$724,500	97.5%	99.9%	99.6%	0.1%	0.0%	0.0%
<= $7,400	100	500	$735,210	97.6%	99.9%	99.6%	0.1%	0.0%	0.0%
<= $7,500	80	160	$595,855	97.7%	99.9%	99.6%	0.0%	0.0%	0.0%
<= $7,600	120	380	$904,932	97.7%	99.9%	99.6%	0.1%	0.0%	0.0%
<= $7,700	20	100	$152,734	97.7%	99.9%	99.6%	0.0%	0.0%	0.0%
<= $7,800	120	520	$929,995	97.8%	99.9%	99.7%	0.1%	0.0%	0.0%
<= $7,900	120	580	$943,505	97.9%	99.9%	99.7%	0.1%	0.0%	0.0%
<= $8,000	120	680	$952,688	98.0%	99.9%	99.7%	0.1%	0.0%	0.0%
<= $8,100	80	460	$645,276	98.0%	99.9%	99.7%	0.1%	0.0%	0.0%
<= $8,200	80	300	$652,512	98.1%	99.9%	99.7%	0.1%	0.0%	0.0%
<= $8,300	80	360	$661,219	98.1%	99.9%	99.7%	0.1%	0.0%	0.0%
<= $8,400	40	260	$335,297	98.2%	99.9%	99.7%	0.0%	0.0%	0.0%
<= $8,500	40	240	$338,247	98.2%	99.9%	99.7%	0.0%	0.0%	0.0%
<= $8,600	40	380	$342,033	98.2%	99.9%	99.7%	0.0%	0.0%	0.0%
<= $8,700	20	80	$173,437	98.2%	99.9%	99.7%	0.0%	0.0%	0.0%
<= $8,800	40	260	$351,280	98.3%	99.9%	99.7%	0.0%	0.0%	0.0%
<= $9,000	80	520	$716,576	98.3%	99.9%	99.8%	0.1%	0.0%	0.0%
<= $9,100	120	680	$1,089,477	98.4%	99.9%	99.8%	0.1%	0.0%	0.0%
<= $9,300	40	280	$369,640	98.4%	99.9%	99.8%	0.0%	0.0%	0.0%
<= $9,400	20	80	$186,935	98.5%	99.9%	99.8%	0.0%	0.0%	0.0%
<= $9,500	40	220	$377,134	98.5%	99.9%	99.8%	0.0%	0.0%	0.0%
<= $9,600	60	620	$573,249	98.5%	99.9%	99.8%	0.0%	0.0%	0.0%
<= $9,700	40	260	$387,285	98.6%	99.9%	99.8%	0.0%	0.0%	0.0%
<= $9,900	40	240	$395,556	98.6%	100.0%	99.8%	0.0%	0.0%	0.0%
<= $10,200	100	480	$1,013,683	98.7%	100.0%	99.8%	0.1%	0.0%	0.0%
<= $10,400	20	380	$206,505	98.7%	100.0%	99.8%	0.0%	0.0%	0.0%
<= $10,500	20	80	$209,705	98.7%	100.0%	99.8%	0.0%	0.0%	0.0%
<= $10,700	40	320	$424,745	98.8%	100.0%	99.8%	0.0%	0.0%	0.0%
<= $10,900	20	300	$216,775	98.8%	100.0%	99.8%	0.0%	0.0%	0.0%
<= $11,000	20	80	$218,916	98.8%	100.0%	99.8%	0.0%	0.0%	0.0%
<= $11,100	40	200	$441,271	98.8%	100.0%	99.8%	0.0%	0.0%	0.0%
<= $11,200	20	100	$222,155	98.9%	100.0%	99.8%	0.0%	0.0%	0.0%
<= $11,400	40	260	$454,750	98.9%	100.0%	99.9%	0.0%	0.0%	0.0%
<= $11,500	20	280	$229,405	98.9%	100.0%	99.9%	0.0%	0.0%	0.0%

Cap Per Patient Band	Patients	Services	Total Medicare & Co-Insurance Cap Band Payments	Cum % of Cap Band Paid	Cum % of Patients	Cum % of Services	% of Paid Cap Bands	% of Services	% of Patients
<= $11,600	60	500	$691,607	99.0%	100.0%	99.9%	0.1%	0.0%	0.0%
<= $11,700	20	60	$233,680	99.0%	100.0%	99.9%	0.0%	0.0%	0.0%
<= $11,800	20	60	$234,364	99.0%	100.0%	99.9%	0.0%	0.0%	0.0%
<= $12,200	60	480	$728,980	99.1%	100.0%	99.9%	0.1%	0.0%	0.0%
<= $12,500	20	180	$248,668	99.1%	100.0%	99.9%	0.0%	0.0%	0.0%
>= $12,501	620	4,940	$11,021,760	100.0%	100.0%	100.0%	0.9%	0.1%	0.0%
Total	**2,324,860**	**4,484,520**	**$1,206,831,505**	**-**	**-**	**-**	**100%**	**100%**	**100%**

Distribution of Medicare Patients by $100 Cap Payment Bands Receiving Rehabilitation Services in the Short Term Hospital Inpatient Setting for 1996 in 1999 Dollars*



* This chart displays the distribution through $5000. This represents 99.7% of patients in the sample.

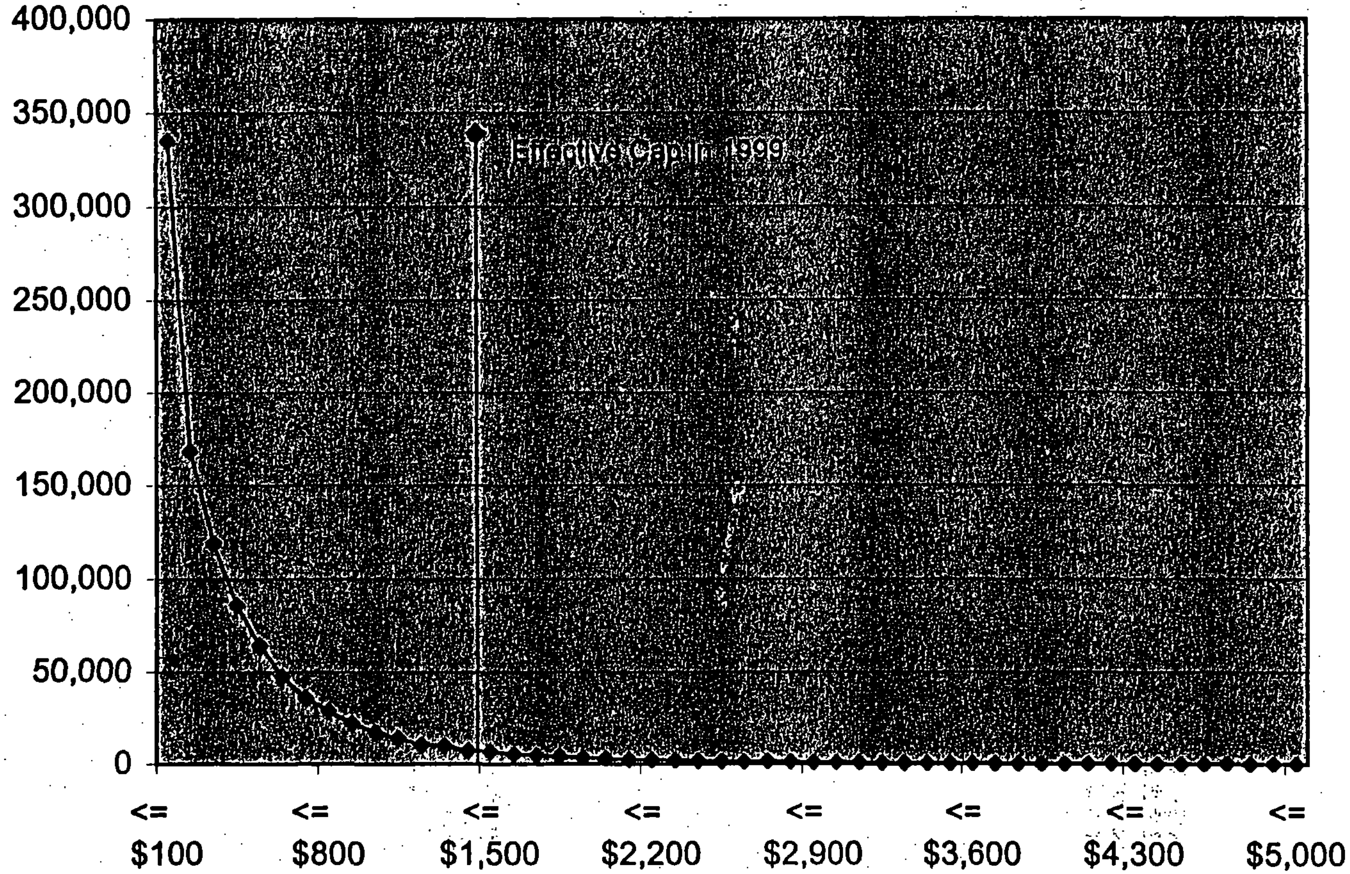
Data Source: 1996 Medicare 5% File in 1999 dollars.

Distribution of Medicare Patients by $100 Payment Cap Bands Receiving Rehabilitation Service in the Short Term Hospital Outpatient Setting for 1996 in 1999 Dollars

Cap Per Patient Band	Patients	Services	Total Medicare & Co-Insurance Cap Band Payments	Cum % of Cap Band Paid	Cum % of Patients	Cum % of Services	% of Paid Cap Bands	% of Services	% of Patients
<= $100	335,400	433,900	$15,247,549	3.5%	32.6%	16.0%	3.5%	16.0%	32.6%
<= $200	168,740	306,980	$24,782,937	9.1%	49.0%	27.4%	5.6%	11.3%	16.4%
<= $300	119,040	272,880	$29,645,798	15.8%	60.6%	37.4%	6.7%	10.1%	11.6%
<= $400	86,420	229,880	$30,092,802	22.6%	69.0%	45.9%	6.8%	8.5%	8.4%
<= $500	64,700	189,780	$29,021,598	29.2%	75.3%	52.9%	6.6%	7.0%	6.3%
<= $600	47,700	163,560	$26,154,951	35.2%	79.9%	59.0%	5.9%	6.0%	4.6%
<= $700	36,320	133,040	$23,571,673	40.5%	83.4%	63.9%	5.4%	4.9%	3.5%
<= $800	28,860	112,260	$21,652,246	45.4%	86.3%	68.1%	4.9%	4.1%	2.8%
<= $900	22,280	91,280	$18,890,026	49.7%	88.4%	71.4%	4.3%	3.4%	2.2%
<= $1,000	17,400	82,960	$16,513,274	53.5%	90.1%	74.5%	3.7%	3.1%	1.7%
<= $1,100	14,280	67,780	$14,977,785	56.9%	91.5%	77.0%	3.4%	2.5%	1.4%
<= $1,200	10,800	49,400	$12,423,345	59.7%	92.6%	78.8%	2.8%	1.8%	1.1%
<= $1,300	10,180	53,300	$12,704,443	62.6%	93.5%	80.8%	2.9%	2.0%	1.0%
<= $1,400	7,700	44,560	$10,393,833	64.9%	94.3%	82.4%	2.4%	1.6%	0.7%
<= $1,500	7,160	41,700	$10,368,311	67.3%	95.0%	84.0%	2.4%	1.5%	0.7%
<= $1,600	5,640	35,740	$8,742,056	69.3%	95.5%	85.3%	2.0%	1.3%	0.5%
<= $1,700	4,980	31,420	$8,220,196	71.1%	96.0%	86.5%	1.9%	1.2%	0.5%
<= $1,800	4,280	26,840	$7,510,847	72.9%	96.4%	87.4%	1.7%	1.0%	0.4%
<= $1,900	3,580	24,380	$6,619,206	74.4%	96.8%	88.3%	1.5%	0.9%	0.3%
<= $2,000	3,100	21,400	$6,042,768	75.7%	97.1%	89.1%	1.4%	0.8%	0.3%
<= $2,100	2,580	18,460	$5,287,395	76.9%	97.3%	89.8%	1.2%	0.7%	0.3%
<= $2,200	2,380	18,880	$5,116,715	78.1%	97.6%	90.5%	1.2%	0.7%	0.2%
<= $2,300	2,200	16,300	$4,944,226	79.2%	97.8%	91.1%	1.1%	0.6%	0.2%
<= $2,400	1,880	13,000	$4,426,148	80.2%	98.0%	91.6%	1.0%	0.5%	0.2%
<= $2,500	1,540	11,460	$3,774,342	81.1%	98.1%	92.0%	0.9%	0.4%	0.1%
<= $2,600	1,320	11,400	$3,364,771	81.8%	98.2%	92.4%	0.8%	0.4%	0.1%
<= $2,700	1,820	16,100	$4,819,281	82.9%	98.4%	93.0%	1.1%	0.6%	0.2%
<= $2,800	1,440	12,200	$3,965,813	83.8%	98.6%	93.5%	0.9%	0.5%	0.1%
<= $2,900	1,080	9,560	$3,078,651	84.5%	98.7%	93.8%	0.7%	0.4%	0.1%
<= $3,000	960	9,120	$2,832,055	85.2%	98.8%	94.2%	0.6%	0.3%	0.1%
<= $3,100	1,060	7,000	$3,230,996	85.9%	98.9%	94.4%	0.7%	0.3%	0.1%
<= $3,200	840	7,620	$2,644,941	86.5%	98.9%	94.7%	0.6%	0.3%	0.1%
<= $3,300	660	4,900	$2,148,339	87.0%	99.0%	94.9%	0.5%	0.2%	0.1%
<= $3,400	700	7,020	$2,345,174	87.5%	99.1%	95.2%	0.5%	0.3%	0.1%
<= $3,500	560	4,740	$1,936,390	88.0%	99.1%	95.3%	0.4%	0.2%	0.1%
<= $3,600	440	4,160	$1,558,953	88.3%	99.2%	95.5%	0.4%	0.2%	0.0%
<= $3,700	600	9,240	$2,189,158	88.8%	99.2%	95.8%	0.5%	0.3%	0.1%
<= $3,800	540	6,080	$2,023,666	89.3%	99.3%	96.1%	0.5%	0.2%	0.1%
<= $3,900	300	1,840	$1,155,184	89.5%	99.3%	96.1%	0.3%	0.1%	0.0%
<= $4,000	320	2,440	$1,266,613	89.8%	99.3%	96.2%	0.3%	0.1%	0.0%
<= $4,100	420	5,020	$1,701,343	90.2%	99.4%	96.4%	0.4%	0.2%	0.0%
<= $4,200	440	6,040	$1,824,217	90.6%	99.4%	96.6%	0.4%	0.2%	0.0%
<= $4,300	280	2,600	$1,190,002	90.9%	99.5%	96.7%	0.3%	0.1%	0.0%
<= $4,400	240	2,200	$1,047,285	91.1%	99.5%	96.8%	0.2%	0.1%	0.0%
<= $4,500	240	4,000	$1,066,563	91.4%	99.5%	96.9%	0.2%	0.1%	0.0%
<= $4,600	240	2,000	$1,092,263	91.6%	99.5%	97.0%	0.2%	0.1%	0.0%
<= $4,700	340	7,020	$1,581,207	92.0%	99.6%	97.3%	0.4%	0.3%	0.0%
<= $4,800	220	1,980	$1,045,664	92.2%	99.6%	97.3%	0.2%	0.1%	0.0%
<= $4,900	120	2,260	$582,394	92.4%	99.6%	97.4%	0.1%	0.1%	0.0%
<= $5,000	200	2,460	$993,538	92.6%	99.6%	97.5%	0.2%	0.1%	0.0%
<= $5,100	240	2,580	$1,212,346	92.9%	99.6%	97.6%	0.3%	0.1%	0.0%
<= $5,200	180	1,520	$926,745	93.1%	99.6%	97.7%	0.2%	0.1%	0.0%
<= $5,300	160	2,180	$839,103	93.3%	99.7%	97.8%	0.2%	0.1%	0.0%
<= $5,400	200	1,400	$1,072,136	93.5%	99.7%	97.8%	0.2%	0.1%	0.0%

Cap Per Patient Band	Patients	Services	Total Medicare & Co-Insurance Cap Band Payments	Cum % of Cap Band Paid	Cum % of Patients	Cum % of Services	% of Paid Cap Bands	% of Services	% of Patients
<= $5,500	200	2,040	$1,093,973	93.7%	99.7%	97.9%	0.2%	0.1%	0.0%
<= $5,700	140	1,240	$791,558	93.9%	99.7%	97.9%	0.2%	0.0%	0.0%
<= $5,800	120	1,380	$690,373	94.1%	99.7%	98.0%	0.2%	0.1%	0.0%
<= $5,900	120	3,480	$701,712	94.2%	99.7%	98.1%	0.2%	0.1%	0.0%
<= $6,000	100	860	$593,260	94.4%	99.7%	98.1%	0.1%	0.0%	0.0%
<= $6,100	60	720	$361,537	94.5%	99.8%	98.2%	0.1%	0.0%	0.0%
<= $6,200	100	1,060	$613,529	94.6%	99.8%	98.2%	0.1%	0.0%	0.0%
<= $6,300	80	1,160	$499,663	94.7%	99.8%	98.2%	0.1%	0.0%	0.0%
<= $6,400	180	2,440	$1,142,457	95.0%	99.8%	98.3%	0.3%	0.1%	0.0%
<= $6,500	40	400	$257,901	95.0%	99.8%	98.4%	0.1%	0.0%	0.0%
<= $6,600	40	1,220	$262,081	95.1%	99.8%	98.4%	0.1%	0.0%	0.0%
<= $6,700	60	580	$399,983	95.2%	99.8%	98.4%	0.1%	0.0%	0.0%
<= $6,800	120	1,180	$809,992	95.4%	99.8%	98.5%	0.2%	0.0%	0.0%
<= $6,900	60	600	$411,835	95.5%	99.8%	98.5%	0.1%	0.0%	0.0%
<= $7,000	60	1,120	$417,174	95.6%	99.8%	98.5%	0.1%	0.0%	0.0%
<= $7,100	20	560	$141,606	95.6%	99.8%	98.5%	0.0%	0.0%	0.0%
<= $7,200	180	4,600	$1,286,215	95.9%	99.8%	98.7%	0.3%	0.2%	0.0%
<= $7,300	100	780	$724,095	96.0%	99.9%	98.7%	0.2%	0.0%	0.0%
<= $7,400	20	740	$146,493	96.1%	99.9%	98.8%	0.0%	0.0%	0.0%
<= $7,500	60	660	$446,760	96.2%	99.9%	98.8%	0.1%	0.0%	0.0%
<= $7,600	60	680	$453,258	96.3%	99.9%	98.8%	0.1%	0.0%	0.0%
<= $7,700	40	260	$305,411	96.3%	99.9%	98.8%	0.1%	0.0%	0.0%
<= $7,800	40	1,620	$311,029	96.4%	99.9%	98.9%	0.1%	0.1%	0.0%
<= $7,900	40	440	$315,020	96.5%	99.9%	98.9%	0.1%	0.0%	0.0%
<= $8,000	40	480	$317,150	96.6%	99.9%	98.9%	0.1%	0.0%	0.0%
<= $8,300	40	420	$329,451	96.6%	99.9%	98.9%	0.1%	0.0%	0.0%
<= $8,400	20	120	$166,549	96.7%	99.9%	98.9%	0.0%	0.0%	0.0%
<= $8,500	40	700	$336,861	96.8%	99.9%	99.0%	0.1%	0.0%	0.0%
<= $8,600	40	240	$341,733	96.8%	99.9%	99.0%	0.1%	0.0%	0.0%
<= $8,700	20	460	$173,497	96.9%	99.9%	99.0%	0.0%	0.0%	0.0%
<= $8,800	20	140	$174,866	96.9%	99.9%	99.0%	0.0%	0.0%	0.0%
<= $9,000	60	500	$535,643	97.0%	99.9%	99.0%	0.1%	0.0%	0.0%
<= $9,300	20	280	$185,671	97.1%	99.9%	99.0%	0.0%	0.0%	0.0%
<= $9,500	20	120	$189,233	97.1%	99.9%	99.0%	0.0%	0.0%	0.0%
<= $9,600	40	160	$381,438	97.2%	99.9%	99.0%	0.1%	0.0%	0.0%
<= $9,700	20	300	$193,261	97.2%	99.9%	99.1%	0.0%	0.0%	0.0%
<= $9,900	20	300	$197,146	97.3%	99.9%	99.1%	0.0%	0.0%	0.0%
<= $10,000	40	800	$396,648	97.4%	99.9%	99.1%	0.1%	0.0%	0.0%
<= $10,100	40	260	$401,346	97.5%	99.9%	99.1%	0.1%	0.0%	0.0%
<= $10,200	40	360	$405,585	97.6%	99.9%	99.1%	0.1%	0.0%	0.0%
<= $10,300	40	600	$410,141	97.7%	99.9%	99.1%	0.1%	0.0%	0.0%
<= $10,400	40	360	$414,304	97.8%	99.9%	99.2%	0.1%	0.0%	0.0%
<= $10,700	40	500	$426,645	97.8%	99.9%	99.2%	0.1%	0.0%	0.0%
<= $11,200	40	700	$446,656	97.9%	99.9%	99.2%	0.1%	0.0%	0.0%
<= $11,300	40	720	$449,720	98.1%	100.0%	99.2%	0.1%	0.0%	0.0%
<= $11,600	60	2,140	$691,859	98.2%	100.0%	99.3%	0.2%	0.1%	0.0%
<= $11,900	20	400	$236,854	98.3%	100.0%	99.3%	0.1%	0.0%	0.0%
<= $12,000	20	1,640	$238,681	98.3%	100.0%	99.4%	0.1%	0.1%	0.0%
<= $12,300	40	420	$491,203	98.4%	100.0%	99.4%	0.1%	0.0%	0.0%
>= $12,501	360	16,400	$6,927,704	100.0%	100.0%	100.0%	1.6%	0.6%	0.0%
Total	**1,028,560**	**2,707,160**	**$440,496,023**	-	-	-	**100%**	**100%**	**100%**

Distribution of Medicare Patients by $100 Cap Payment Bands Receiving Rehabilitation Services in the Short Term Hospital Outpatient Setting for 1996 in 1999 Dollars*



* This chart displays the distribution through $5000. This represents 99.6% of patients in the sample.

Data Source: 1996 Medicare 5% File in 1999 dollars.

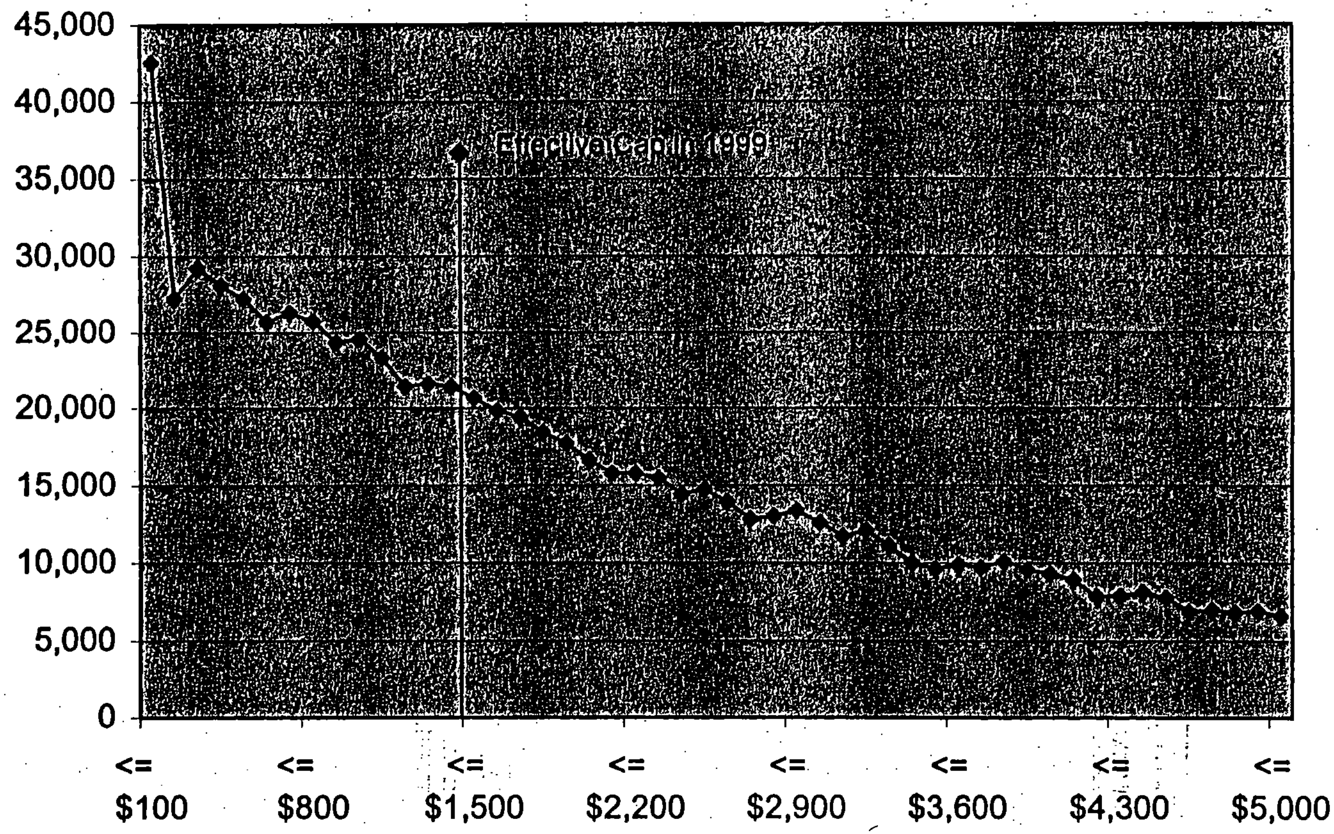
Distribution of Medicare Patients by $100 Payment Cap Bands Receiving Rehabilitation Service in the SNF Inpatient Setting for 1996 in 1999 Dollars

Cap Per Patient Band	Patients	Services	Total Medicare & Co-Insurance Cap Band Payments	Cum % of Cap Band Paid	Cum % of Patients	Cum % of Services	% of Paid Cap Bands	% of Services	% of Patients
<= $100	42,600	86,560	$1,242,241	0.0%	3.9%	1.8%	0.0%	1.8%	3.9%
<= $200	27,280	41,980	$4,139,124	0.1%	6.4%	2.7%	0.1%	0.9%	2.5%
<= $300	29,260	51,040	$7,347,839	0.3%	9.1%	3.8%	0.2%	1.1%	2.7%
<= $400	28,140	52,800	$9,887,376	0.5%	11.7%	4.9%	0.2%	1.1%	2.6%
<= $500	27,240	56,340	$12,302,138	0.8%	14.3%	6.1%	0.3%	1.2%	2.5%
<= $600	25,740	56,480	$14,194,962	1.2%	16.6%	7.3%	0.3%	1.2%	2.4%
<= $700	26,340	61,500	$17,150,812	1.6%	19.1%	8.6%	0.4%	1.3%	2.4%
<= $800	25,780	62,420	$19,321,298	2.0%	21.4%	9.9%	0.5%	1.3%	2.4%
<= $900	24,360	60,940	$20,717,933	2.5%	23.7%	11.2%	0.5%	1.3%	2.2%
<= $1,000	24,580	62,360	$23,386,280	3.0%	25.9%	12.5%	0.5%	1.3%	2.3%
<= $1,100	23,360	61,680	$24,567,398	3.6%	28.1%	13.8%	0.6%	1.3%	2.2%
<= $1,200	21,440	59,800	$24,658,807	4.2%	30.1%	15.1%	0.6%	1.3%	2.0%
<= $1,300	21,620	62,400	$27,004,612	4.8%	32.1%	16.4%	0.6%	1.3%	2.0%
<= $1,400	21,440	62,900	$28,945,787	5.5%	34.0%	17.8%	0.7%	1.3%	2.0%
<= $1,500	20,660	62,560	$30,020,489	6.2%	36.0%	19.1%	0.7%	1.3%	1.9%
<= $1,600	19,840	61,220	$30,774,455	6.9%	37.8%	20.4%	0.7%	1.3%	1.8%
<= $1,700	19,440	60,100	$32,124,964	7.7%	39.6%	21.7%	0.8%	1.3%	1.8%
<= $1,800	18,440	61,220	$32,280,547	8.5%	41.3%	22.9%	0.8%	1.3%	1.7%
<= $1,900	17,720	59,800	$32,790,509	9.2%	42.9%	24.2%	0.8%	1.3%	1.6%
<= $2,000	16,660	55,500	$32,495,483	10.0%	44.4%	25.4%	0.8%	1.2%	1.5%
<= $2,100	15,800	55,400	$32,410,106	10.8%	45.9%	26.6%	0.8%	1.2%	1.5%
<= $2,200	15,800	57,940	$34,001,879	11.6%	47.4%	27.8%	0.8%	1.2%	1.5%
<= $2,300	15,500	54,520	$34,873,669	12.4%	48.8%	28.9%	0.8%	1.2%	1.4%
<= $2,400	14,440	52,140	$33,932,944	13.2%	50.1%	30.0%	0.8%	1.1%	1.3%
<= $2,500	14,760	55,520	$36,196,004	14.0%	51.5%	31.2%	0.9%	1.2%	1.4%
<= $2,600	13,960	55,720	$35,592,542	14.9%	52.8%	32.4%	0.8%	1.2%	1.3%
<= $2,700	12,840	49,700	$34,033,548	15.7%	54.0%	33.5%	0.8%	1.1%	1.2%
<= $2,800	13,060	51,460	$35,923,879	16.5%	55.2%	34.5%	0.8%	1.1%	1.2%
<= $2,900	13,400	53,140	$38,186,479	17.4%	56.4%	35.7%	0.9%	1.1%	1.2%
<= $3,000	12,620	52,300	$37,265,531	18.3%	57.6%	36.8%	0.9%	1.1%	1.2%
<= $3,100	11,720	50,500	$35,765,362	19.1%	58.6%	37.8%	0.8%	1.1%	1.1%
<= $3,200	12,100	51,460	$38,141,684	20.0%	59.8%	38.9%	0.9%	1.1%	1.1%
<= $3,300	11,120	48,720	$36,182,852	20.9%	60.8%	40.0%	0.9%	1.0%	1.0%
<= $3,400	10,040	45,060	$33,640,754	21.6%	61.7%	40.9%	0.8%	1.0%	0.9%
<= $3,500	9,640	44,440	$33,258,862	22.4%	62.6%	41.9%	0.8%	0.9%	0.9%
<= $3,600	9,900	44,500	$35,153,926	23.3%	63.5%	42.8%	0.8%	0.9%	0.9%
<= $3,700	9,720	45,600	$35,482,508	24.1%	64.4%	43.8%	0.8%	1.0%	0.9%
<= $3,800	10,120	47,740	$37,942,814	25.0%	65.3%	44.8%	0.9%	1.0%	0.9%
<= $3,900	9,600	46,900	$36,957,722	25.8%	66.2%	45.8%	0.9%	1.0%	0.9%
<= $4,000	9,340	45,700	$36,900,310	26.7%	67.1%	46.7%	0.9%	1.0%	0.9%
<= $4,100	8,940	44,560	$36,199,701	27.6%	67.9%	47.7%	0.9%	0.9%	0.8%
<= $4,200	7,900	39,840	$32,787,410	28.3%	68.6%	48.5%	0.8%	0.8%	0.7%
<= $4,300	7,940	39,680	$33,759,286	29.1%	69.4%	49.4%	0.8%	0.8%	0.7%
<= $4,400	8,160	42,340	$35,500,476	30.0%	70.1%	50.3%	0.8%	0.9%	0.8%
<= $4,500	7,820	39,600	$34,803,715	30.8%	70.8%	51.1%	0.8%	0.8%	0.7%
<= $4,600	6,920	34,700	$31,509,677	31.5%	71.5%	51.8%	0.7%	0.7%	0.6%
<= $4,700	7,040	37,340	$32,731,547	32.3%	72.1%	52.6%	0.8%	0.8%	0.6%
<= $4,800	6,860	37,080	$32,599,711	33.1%	72.8%	53.4%	0.8%	0.8%	0.6%
<= $4,900	6,940	37,040	$33,657,983	33.8%	73.4%	54.2%	0.8%	0.8%	0.6%
<= $5,000	6,660	36,480	$32,982,521	34.6%	74.0%	55.0%	0.8%	0.8%	0.6%

Cap Per Patient Band	Patients	Services	Total Medicare & Co-Insurance Cap Band Payments	Cum % of Cap Band Paid	Cum % of Patients	Cum % of Services	% of Paid Cap Bands	% of Services	% of Patients
<= $5,100	6,440	34,380	$32,519,356	35.4%	74.6%	55.7%	0.8%	0.7%	0.6%
<= $5,200	6,320	34,580	$32,561,438	36.2%	75.2%	56.4%	0.8%	0.7%	0.6%
<= $5,300	6,360	36,380	$33,385,722	36.9%	75.8%	57.2%	0.8%	0.8%	0.6%
<= $5,400	5,820	32,240	$31,127,885	37.7%	76.3%	57.9%	0.7%	0.7%	0.5%
<= $5,500	5,520	32,060	$30,068,445	38.4%	76.8%	58.5%	0.7%	0.7%	0.5%
<= $5,600	6,060	35,620	$33,653,058	39.2%	77.4%	59.3%	0.8%	0.8%	0.6%
<= $5,700	4,920	28,900	$27,812,382	39.8%	77.8%	59.9%	0.7%	0.6%	0.5%
<= $5,800	5,480	31,840	$31,518,460	40.6%	78.4%	60.6%	0.7%	0.7%	0.5%
<= $5,900	5,500	32,200	$32,188,633	41.3%	78.9%	61.3%	0.8%	0.7%	0.5%
<= $6,000	4,760	30,260	$28,327,426	42.0%	79.3%	61.9%	0.7%	0.6%	0.4%
<= $6,100	4,740	27,840	$28,687,996	42.7%	79.7%	62.5%	0.7%	0.6%	0.4%
<= $6,200	5,000	29,920	$30,753,606	43.4%	80.2%	63.1%	0.7%	0.6%	0.5%
<= $6,300	4,340	25,660	$27,113,001	44.0%	80.6%	63.7%	0.6%	0.5%	0.4%
<= $6,400	3,820	24,740	$24,260,554	44.6%	80.9%	64.2%	0.6%	0.5%	0.4%
<= $6,500	4,940	31,460	$31,877,412	45.3%	81.4%	64.9%	0.7%	0.7%	0.5%
<= $6,600	4,740	30,420	$31,044,345	46.1%	81.8%	65.5%	0.7%	0.6%	0.4%
<= $6,700	4,140	26,300	$27,531,839	46.7%	82.2%	66.1%	0.6%	0.6%	0.4%
<= $6,800	4,580	30,540	$30,918,540	47.4%	82.6%	66.7%	0.7%	0.6%	0.4%
<= $6,900	4,080	27,280	$27,944,338	48.1%	83.0%	67.3%	0.7%	0.6%	0.4%
<= $7,000	3,740	24,520	$26,000,004	48.7%	83.4%	67.8%	0.6%	0.5%	0.3%
<= $7,100	4,220	27,000	$29,743,275	49.4%	83.8%	68.4%	0.7%	0.6%	0.4%
<= $7,200	4,060	28,720	$29,016,385	50.1%	84.1%	69.0%	0.7%	0.6%	0.4%
<= $7,300	3,760	23,660	$27,256,899	50.7%	84.5%	69.5%	0.6%	0.5%	0.3%
<= $7,400	3,440	23,980	$25,281,816	51.3%	84.8%	70.0%	0.6%	0.5%	0.3%
<= $7,500	3,740	25,760	$27,853,967	52.0%	85.1%	70.5%	0.7%	0.5%	0.3%
<= $7,600	3,600	23,440	$27,184,869	52.6%	85.5%	71.0%	0.6%	0.5%	0.3%
<= $7,700	3,280	22,120	$25,083,863	53.2%	85.8%	71.5%	0.6%	0.5%	0.3%
<= $7,800	3,360	23,660	$26,053,755	53.8%	86.1%	72.0%	0.6%	0.5%	0.3%
<= $7,900	3,240	21,740	$25,446,156	54.4%	86.4%	72.5%	0.6%	0.5%	0.3%
<= $8,000	2,980	21,920	$23,706,876	55.0%	86.7%	72.9%	0.6%	0.5%	0.3%
<= $8,100	3,120	21,500	$25,118,586	55.6%	86.9%	73.4%	0.6%	0.5%	0.3%
<= $8,200	2,780	19,820	$22,644,286	56.1%	87.2%	73.8%	0.5%	0.4%	0.3%
<= $8,300	2,740	20,060	$22,601,854	56.6%	87.5%	74.2%	0.5%	0.4%	0.3%
<= $8,400	2,740	19,400	$22,883,231	57.2%	87.7%	74.6%	0.5%	0.4%	0.3%
<= $8,500	2,680	19,700	$22,651,981	57.7%	88.0%	75.1%	0.5%	0.4%	0.2%
<= $8,600	2,900	19,400	$24,796,079	58.3%	88.2%	75.5%	0.6%	0.4%	0.3%
<= $8,700	2,740	19,680	$23,705,157	58.8%	88.5%	75.9%	0.6%	0.4%	0.3%
<= $8,800	2,300	16,900	$20,140,127	59.3%	88.7%	76.2%	0.5%	0.4%	0.2%
<= $8,900	2,640	20,160	$23,371,073	59.8%	88.9%	76.7%	0.5%	0.4%	0.2%
<= $9,000	2,320	16,100	$20,759,332	60.3%	89.1%	77.0%	0.5%	0.3%	0.2%
<= $9,100	2,140	15,520	$19,367,835	60.8%	89.3%	77.3%	0.5%	0.3%	0.2%
<= $9,200	2,400	18,140	$21,975,938	61.3%	89.6%	77.7%	0.5%	0.4%	0.2%
<= $9,300	2,380	18,580	$22,020,884	61.8%	89.8%	78.1%	0.5%	0.4%	0.2%
<= $9,400	2,660	19,340	$24,866,171	62.4%	90.0%	78.5%	0.6%	0.4%	0.2%
<= $9,500	2,060	17,320	$19,480,064	62.9%	90.2%	78.9%	0.5%	0.4%	0.2%
<= $9,600	2,360	17,580	$22,536,365	63.4%	90.4%	79.3%	0.5%	0.4%	0.2%
<= $9,700	2,100	17,700	$20,261,195	63.9%	90.6%	79.6%	0.5%	0.4%	0.2%
<= $9,800	1,960	14,940	$19,107,758	64.3%	90.8%	80.0%	0.4%	0.3%	0.2%
<= $9,900	1,980	15,500	$19,505,644	64.8%	91.0%	80.3%	0.5%	0.3%	0.2%
<= $10,000	2,040	15,600	$20,304,460	65.3%	91.2%	80.6%	0.5%	0.3%	0.2%
<= $10,100	2,080	15,660	$20,906,305	65.7%	91.4%	80.9%	0.5%	0.3%	0.2%
<= $10,200	1,920	15,100	$19,486,011	66.2%	91.5%	81.3%	0.5%	0.3%	0.2%
<= $10,300	1,860	16,060	$19,070,199	66.7%	91.7%	81.6%	0.4%	0.3%	0.2%

Cap Per Patient Band	Patients	Services	Total Medicare & Co-Insurance Cap Band Payments	Cum % of Cap Band Paid	Cum % of Patients	Cum % of Services	% of Paid Cap Bands	% of Services	% of Patients
<= $10,400	1,540	11,720	$15,950,661	67.0%	91.9%	81.8%	0.4%	0.2%	0.1%
<= $10,500	1,600	13,020	$16,720,867	67.4%	92.0%	82.1%	0.4%	0.3%	0.1%
<= $10,600	1,900	15,940	$20,036,190	67.9%	92.2%	82.5%	0.5%	0.3%	0.2%
<= $10,700	1,600	11,840	$17,035,674	68.3%	92.3%	82.7%	0.4%	0.3%	0.1%
<= $10,800	1,640	14,000	$17,636,589	68.7%	92.5%	83.0%	0.4%	0.3%	0.2%
<= $10,900	1,760	13,840	$19,095,241	69.2%	92.6%	83.3%	0.4%	0.3%	0.2%
<= $11,000	1,440	10,540	$15,765,883	69.5%	92.8%	83.5%	0.4%	0.2%	0.1%
<= $11,100	1,340	11,560	$14,813,888	69.9%	92.9%	83.8%	0.3%	0.2%	0.1%
<= $11,200	1,140	10,080	$12,709,594	70.2%	93.0%	84.0%	0.3%	0.2%	0.1%
<= $11,300	1,340	11,140	$15,072,700	70.5%	93.1%	84.2%	0.4%	0.2%	0.1%
<= $11,400	1,440	12,000	$16,351,406	70.9%	93.3%	84.5%	0.4%	0.3%	0.1%
<= $11,500	1,140	8,540	$13,055,377	71.2%	93.4%	84.7%	0.3%	0.2%	0.1%
<= $11,600	1,380	13,120	$15,939,503	71.6%	93.5%	84.9%	0.4%	0.3%	0.1%
<= $11,700	1,320	10,780	$15,378,313	72.0%	93.6%	85.2%	0.4%	0.2%	0.1%
<= $11,800	1,300	10,700	$15,274,204	72.3%	93.7%	85.4%	0.4%	0.2%	0.1%
<= $11,900	1,020	8,960	$12,087,764	72.6%	93.8%	85.6%	0.3%	0.2%	0.1%
<= $12,000	1,280	10,500	$15,295,382	73.0%	93.9%	85.8%	0.4%	0.2%	0.1%
<= $12,100	1,040	7,760	$12,538,704	73.2%	94.0%	86.0%	0.3%	0.2%	0.1%
<= $12,200	1,500	12,860	$18,227,520	73.7%	94.2%	86.2%	0.4%	0.3%	0.1%
<= $12,300	1,120	9,360	$13,726,163	74.0%	94.3%	86.4%	0.3%	0.2%	0.1%
<= $12,400	1,520	12,980	$18,785,575	74.4%	94.4%	86.7%	0.4%	0.3%	0.1%
<= $12,500	1,120	9,720	$13,940,038	74.8%	94.5%	86.9%	0.3%	0.2%	0.1%
>= $12,501	59,300	618,420	$1,074,011,931	100.0%	100.0%	100.0%	25.2%	13.1%	5.5%
Total	**1,084,260**	**4,725,000**	**$4,256,660,459**	-	-	-	**100%**	**100%**	**100%**

Distribution of Medicare Patients by $100 Cap Payment Bands Receiving Rehabilitation Services in the SNF Inpatient Setting for 1996 in 1999 Dollars*



* This chart displays the distribution through $5000. This represents 74% of patients in the sample.

Data Source: 1996 Medicare 5% File in 1999 dollars.

Attachment

E

Table 2- 1999 Projected Per Capita Payment of Rehabilitation Services by Setting for Medicare Beneficiaries Receiving Services by Encounter

	First Encounter Per Capita Payment	Second Encounter Per Capita Payment	Third Encounter Per Capita Payment	Overall Per Capita Payment
Short Term Hospital Inpatient	$413	$450	$479	$423
Short Term Hospital Outpatient	$349	$353	$459	$359
Skilled Nursing Facility: SNF File	$2,401	$3,102	$3,242	$2,910
Skilled Nursing Facility: Outpatient File	$2,114	$2,330	$2,172	$2,156
Home Health Agency	$1,649	$1,315	$1,549	$1,520
Outpatient Physical Therapy Service	$1,471	$1,926	$1,991	$1,595
Death *	$411	$646	$748	$543
Rehabilitation Hospital	$2,196	*$4,436*	*$3,826*	$3,432
Rehabilitation Unit	***$3,603***	***$4,644***	***$4,860***	***$4,445***
Psychiatric Unit	$799	$895	$1,034	$835
CORF	$2,327	$2,618	$3,247	$2,485
Psychiatric Hospital	$567	$637	$394	$567
Short Term/ Acute Care SB Hospital	$519	$762	$766	$699
Long Term Hospital	*$2,576*	$4,290	$3,824	*$3,498*
Physician	$257	$299	$286	$262
Other	$1,682	$1,734	$2,494	$1,807
Total	$886	$1,864	$1,728	$1,224

*Billable services provided before death.