

Rule Summary and Fiscal Analysis (Part A)**Bureau of Workers' Compensation**

Agency Name

Division

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4123-6-37.1

Rule Number

AMENDMENT

TYPE of rule filing

Rule Title/Tag Line

Payment of hospital inpatient services.**RULE SUMMARY**

1. Is the rule being filed consistent with the requirements of the RC 119.032 review? **Yes**

2. Are you proposing this rule as a result of recent legislation? **No**

3. Statute prescribing the procedure in accordance with the agency is required to adopt the rule: **119.03**

4. Statute(s) authorizing agency to adopt the rule: **4121.12, 4121.30, 4121.31, 4123.05**

5. Statute(s) the rule, as filed, amplifies or implements: **4121.121, 4121.44, 4121.441, 4123.66**

6. State the reason(s) for proposing (i.e., why are you filing,) this rule:

To update the reimbursements for hospital inpatient services paid to providers under the BWC health partnership program.

7. If the rule is an AMENDMENT, then summarize the changes and the content of the proposed rule; if the rule type is RESCISSION, NEW or NO CHANGE, then summarize the content of the rule:

Ohio Administrative Code 4123-6-37.1 currently incorporates by reference 42

C.F.R. Part 412 as published in the October 1, 2007 Code of Federal Regulations (C.F.R.), as well as Federal Register citations to the 2007 Medicare regulations under which the applicable DRG reimbursement rate was determined during the last Medicare fiscal year. BWC is proposing to revise the rule citations the Federal Register citations to the 2008 regulations, and 42 CFR Part 412 as published in the October 1, 2008 C.F.R.

The updated Medicare regulations move from the DRG methodology referenced in the current rule to a "Medicare severity diagnosis related group" or "MS-DRG" methodology, so BWC is proposing to amend its rule to reflect this change.

BWC is proposing to increase the amount reimbursed to hospitals to one hundred twenty percent (120%) of the applicable MS-DRG, rather than the one hundred fifteen percent (115%) of the applicable DRG under the current rule. Hospital specific per diem rates for direct graduate medical education shall be calculated annually by the bureau effective January 1 of each year, rather than October 1, to sync up with the effective date of the rule.

In addition, BWC is proposing that references in the current rule to hospitals' "2006 total inpatient cost-to-charge ratios as reported to Ohio Medicaid" be defined with greater specificity and updated to the 2007 state fiscal year cost reports. MS-DRG exempt hospitals who submitted a 2007 cost report to ODJFS shall be reimbursed at seventy percent (70%) of billed charges; MS-DRG exempt hospitals who did not submit a 2007 cost report to ODJFS shall be reimbursed at sixty-two percent (62%) of billed charges.

BWC is proposing a new methodology for the payment of outliers. Under the proposed rule change, outliers will be reimbursed at one hundred seventy-five percent (175%) of the applicable MS-DRG reimbursement rate for the hospital inpatient service. Finally, language is added to the rule to clarify that the new reimbursement rate will apply to hospital inpatient services with a discharge date of February 1, 2009 or later.

8. If the rule incorporates a text or other material by reference and the agency claims the incorporation by reference is exempt from compliance with sections 121.71 to 121.74 of the Revised Code because the text or other material is **generally available** to persons who reasonably can be expected to be affected by the rule, provide an explanation of how the text or other material is generally available to those persons:

This response left blank because filer specified online that the rule does not incorporate a text or other material by reference.

9. If the rule incorporates a text or other material by reference, and it was **infeasible** for the agency to file the text or other material electronically, provide

an explanation of why filing the text or other material electronically was infeasible:

This response left blank because filer specified online that the rule does not incorporate a text or other material by reference.

10. If the rule is being **rescinded** and incorporates a text or other material by reference, and it was **infeasible** for the agency to file the text or other material, provide an explanation of why filing the text or other material was infeasible:

Not Applicable.

11. If **revising** or **refiling** this rule, identify changes made from the previously filed version of this rule; if none, please state so:

Not Applicable.

12. 119.032 Rule Review Date: **11/6/2008**

(If the rule is not exempt and you answered NO to question No. 1, provide the scheduled review date. If you answered YES to No. 1, the review date for this rule is the filing date.)

NOTE: If the rule is not exempt at the time of final filing, two dates are required: the current review date plus a date not to exceed 5 years from the effective date for Amended rules or a date not to exceed 5 years from the review date for No Change rules.

FISCAL ANALYSIS

13. Estimate the total amount by which *this proposed rule* would **increase / decrease** either **revenues / expenditures** for the agency during the current biennium (in dollars): Explain the net impact of the proposed changes to the budget of your agency/department.

This will have no impact on revenues or expenditures.

\$0.00

The hospital reimbursements do not impact the BWC operating budget.

14. Identify the appropriation (by line item etc.) that authorizes each expenditure necessitated by the proposed rule:

n/a

15. Provide a summary of the estimated cost of compliance with the rule to all directly affected persons. When appropriate, please include the source for your information/estimated costs, e.g. industry, CFR, internal/agency:

The BWC goal is for aggregate payments to hospitals to be similar to 2008 reimbursements, but for the distribution of payment to be more equitable. Based upon a comparison of 2008 hospital inpatient experience for the first and second quarters of 2008 to the data modeled under the proposed rule, the overall impact would be a decrease in payments by approximately \$735,000.

16. Does this rule have a fiscal effect on school districts, counties, townships, or municipal corporations? **No**

17. Does this rule deal with environmental protection or contain a component dealing with environmental protection as defined in R. C. 121.39? **No**