

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

Agency Name

Division

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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? **No**

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, 4121.121, 4121.30, 4121.31, 4123.05**

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

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

BWC is proposing to maintain the current inlier hospital payment adjustment factor (PAF) to hospitals at one hundred twenty percent (120%) of the applicable MS-DRG reimbursement rate.

BWC is further proposing to maintain the per diem rates to hospitals for direct graduate medical education at one hundred twenty percent (120%), and to maintain the approach with using the effective date of the rule, February 1, 2011, as the date for calculating the annual per diem rates for direct graduate medical education.

BWC is further proposing to increase the current outlier hospital PAF to one hundred eighty percent (180%) of the applicable MS-DRG reimbursement rate.

BWC is further proposing adopting of a BWC adjustment factor (3.15%) to address Medicare reductions incorporated in Medicare's IPPS Final Rule.

BWC is further proposing that Medicare IPPS exempt hospitals who submitted a 2009 cost report to the Ohio Department of Job and Family Services (ODJFS) shall be reimbursed at their reported cost-to-charge ratio plus twelve percentage points (12%), not to exceed seventy percent (70%) of billed charges; Medicare IPPS exempt hospitals who did not submit a 2009 cost report to ODJFS shall be reimbursed at sixty-one percent (61%) of billed charges.

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:

The rule adopts a discounted hospital inpatient reimbursement methodology based on Medicare's "Medicare severity diagnosis related group" or "MS-DRG" methodology, in accordance with O.R.C. 4121.441(A)(8) and Ohio Hosp. Assn. v. Ohio Bur. of Workers' Comp., Franklin App. No. 06AP-471, 2007-Ohio-1499.

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: **11/1/2014**

(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.

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The payments to hospitals are from the state insurance fund and do not impact BWC's administrative cost 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 projected impact of the recommended changes to the hospital inpatient rule for 2011 is an increase in reimbursement of 5.7% or \$4.9 million dollars over estimated 2010 reimbursements. Pursuant to the 10th District Court of Appeals decision in

Ohio Hosp. Assn. v. Ohio Bur. of Workers' Comp., Franklin App. No. 06AP-471, 2007-Ohio-1499, BWC is required to adopt changes to its methodology for the payment of hospital inpatient services via the O.R.C. Chapter 119 rulemaking process. BWC's hospital inpatient reimbursement methodology is based on Medicare's "Medicare severity diagnosis related group" or "MS-DRG" methodology, which is updated annually.

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**