

**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? **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's hospital inpatient reimbursement methodology is based on Medicare's "Medicare severity diagnosis related group" or "MS-DRG" methodology, which is updated annually. Therefore, BWC must also annually update OAC 4123-6-37.1, to keep in sync with Medicare.

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:

BWC is proposing:

to revise the Federal Register citations to the 2011 regulations, and the 42 CFR Part 412 citation to that published in the October 1, 2011 C.F.R.;

to maintain the current inlier payment adjustment factor (PAF) to hospitals at one hundred twenty percent (120%) of the applicable MS-DRG;

to adopt version 29.0 of the MS-DRGs and pricing factors as published in Medicare's Inpatient Prospective Payment System (IPPS) Final Rule;

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, 2012, as the date for calculating the annual per diem rates for direct graduate medical education;

to maintain the current outlier payment adjustment factor (PAF) to hospitals at one hundred eighty percent (180%) of the applicable MS-DRG reimbursement rate;

to adopt a BWC adjustment factor of 2.9% to address the Medicare Documentation and Coding Adjustment reduction incorporated in Medicare's IPPS Final Rule;

that Medicare IPPS exempt hospitals who submitted a Medicare cost report be reimbursed at the hospital's allowable billed charges times the hospital's operating cost-to-charge ratio in effect on October 1, 2011 plus 12 percentage points, not to exceed seventy percent (70%) of allowed billed charges;

that Medicare IPPS exempt hospitals who did not submit a Medicare cost report be reimbursed at the hospital's allowable billed charges times the applicable urban or rural statewide average operating cost-to-charge ratio in effect on October 1, 2011 plus 12 percentage points, not to exceed seventy percent (70%) of allowed billed charges;

that hospitals outside of the United States be reimbursed at the hospital's allowable billed charges times the Ohio average operating cost-to-charge ratio in effect on October 1, 2011, not to exceed seventy percent (70%) of allowed billed charges;

to make the new hospital inpatient reimbursement rule applicable to hospital inpatient services with a discharge date of February 1, 2012 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: **11/1/2014**

(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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N/A

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:

N/A

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**