

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

Agency Name

Division

Aniko Nagy

Contact

30 W. Spring St. Columbus OH 43215-0000

Agency Mailing Address (Plus Zip)

614-466-3293

Phone

Fax

aniko.n.1@bwc.state.oh.us

Email

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 for five year review (FYR)? **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: **4121.12, 4121.121, 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 the following:

- To adopt version 33.0 of the MS-DRGs and pricing factors as published in Medicare's Inpatient Prospective Payment System (IPPS) Final Rule;
- To modify the current inlier payment adjustment factor (PAF) to one hundred thirteen point seven percent (113.7%) of the applicable MS-DRG rate;
- To modify the per diem rates to hospitals for direct graduate medical education to one hundred thirteen point seven percent (113.7%), using the effective date of the rule, February 1, 2016, as the date for calculating the annual per diem rates for direct graduate medical education;
- To maintain the current outlier payment adjustment factor (PAF) at one hundred eighty point five percent (180.5%) of the applicable MS-DRG rate;
- To maintain 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, 2015 multiplied by 1.14, not to exceed seventy percent (70%) of allowed billed charges;
- To maintain 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, 2015 multiplied by 1.14, not to exceed seventy percent (70%) of allowed billed charges;
- To maintain that hospitals who do not participate in the Medicare program continue to be reimbursed at the MS-DRG rate using the National Standardized base rate;
- To clarify that BWC will follow the hospital acquired conditions and hospital readmissions reduction provisions of the Medicare IPPS statute;

Further, the proposed rule maintains that a QHP or self-insuring employer may reimburse hospital inpatient services at:

- The applicable rate under the "MS-DRG" methodology; or
- In the same manner as BWC reimburses Medicare IPPS exempt hospitals; or
- The rate negotiated between the hospital and the QHP or self-insuring employer in accordance with rule 4123-6-46 of the Administrative Code.

Finally, BWC proposes to make the new hospital inpatient reimbursement rule applicable to hospital inpatient services with a discharge date of February 1, 2016 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:

All materials incorporated as follows in accordance with R.C. 121.75, available online:

Budget Control Act of 2011, 125 Stat. 239, 2 U.S.C. 900 to 907d;

80 Fed. Reg. 49809 (2015);

42 C.F.R. Part 412 as published in the October 1, 2014 2015 Code of Federal Regulations;

Title XVIII of the Social Security Act, 79 Stat. 286 (1965), 42 U.S.C. 1395 to 1395kkk-1 as amended as of the effective date of this rule.

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:

n/a

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. If applicable, indicate each specific paragraph of the rule that has been modified:

Not Applicable.

12. Five Year Review (FYR) Date: 2/1/2020

(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 decrease expenditures.

\$ 971,946.00

The projected impact of the recommended changes will be an estimated decrease from 2015 hospital inpatient payments by 1.7% or an estimated dollar value of 972,000 dollars.

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 impacted business community consists of the hospitals that provide inpatient care to injured workers and also self insured employers that also administer this rule. Implementation of fee schedule changes is a necessary part of yearly methodology updates for both hospitals and self insuring employers. Because this methodology is largely based on Medicare, both hospitals and self insuring employers will realize minimal adverse impacts. It is estimated that self insuring

employers and hospitals would require less than 10 hours of programming time in order to comply with this rule.

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**

S.B. 2 (129th General Assembly) Questions

18. Has this rule been filed with the Common Sense Initiative Office pursuant to R.C. 121.82? **Yes**

19. Specific to this rule, answer the following:

A.) Does this rule require a license, permit, or any other prior authorization to engage in or operate a line of business? **No**

B.) Does this rule impose a criminal penalty, a civil penalty, or another sanction, or create a cause of action, for failure to comply with its terms? **No**

C.) Does this rule require specific expenditures or the report of information as a condition of compliance? **Yes**

This rule mainly outlines the rates by which reimbursement is calculated for inpatient services provided by hospitals. Providers must submit reports to the MCOs to receive reimbursement.