

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 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:

The Bureau's hospital inpatient reimbursement methodology is based on Medicare's "Medicare severity diagnosis related group" or "MS-DRG" methodology, which is updated annually. Therefore, the Bureau must also annually update rule 4123-6-37.1 of the Administrative Code, 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:

The proposed changes are:

- * Adopt Medicare 2017 final rule, including but not limited to:
 - * Update to the national standardized amount
 - * MS-DRG changes, ICD-10 update, and relative weight updates
 - * Quality and value related programs including new initiatives
 - * Modify current Payment Adjustment Factor (PAF) to reflect the statewide reimbursement to cost benchmark of 114%
- #X* 112.7% for MS-DRG services
- #X* 175.4% for outlier services

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; as amended as of the effective date of this rule (February 1, 2017)

81 Fed. Reg. s6761-57345 (2016);

42 C.F.R. Part 412 as published in the October 1, 2016, Code of Federal Regulations;

Title XVIII of the Social Security Act, 79 Stat. 286 (1965), 42 U.S.C. 1395 to

1395-III, excluding 42 USC 139sww(m), as amended as of the effective date of this rule (February 1, 2017).

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.

\$809,424.00

The projected impact of the recommended changes will be an estimated decrease from 2016 hospital inpatient payments by 1.5% or an estimated dollar value of 809,424 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.

The adverse impact to the self insured employers will be employer time and/or reimbursement business expense for programming and executing the fee schedule changes. The adverse impact to hospitals will be the cost of hospitals to incorporate relevant changes into the hospitals' billing system.

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.

