

Rule Summary and Fiscal Analysis

Part A - General Questions

Rule Number: 4123-6-37.1
Rule Type: Amendment
Rule Title/Tagline: Payment of hospital inpatient services.
Agency Name: Bureau of Workers' Compensation
Division:
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I. Rule Summary

1. **Is this a five year rule review?** No
 - A. **What is the rule's five year review date?** 2/1/2020
2. **Is this rule the result of recent legislation?** No
3. **What statute is this rule being promulgated under?** 119.03
4. **What statute(s) grant rule writing authority?** 4121.31, 4123.05, 4121.12, 4121.121, 4121.30
5. **What statute(s) does the rule implement or amplify?** 4121.12, 4121.121, 4121.44, 4121.441, 4123.66
6. **What are the reasons for proposing the 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. **Summarize the rule's content, and if this is an amended rule, also summarize the rule's changes.**

This rule establishes the fees to be paid by BWC to providers of inpatient hospital services for injured workers. The proposed changes are:

Adopt Medicare final rule including but not limited to:

Update to the national standardized amounts

MS-DRG changes, ICD-10 updates, and relative weight updates

Quality and value related programs

Modify current Payment Adjustment Factor (PAF) to reflect the statewide reimbursement to cost benchmark of 114%

112.7% for MS-DRG base rate and direct graduate medical education (DGME) services

Operating and capital outlier add-on payments and new technology add-on payments are not subject to the PAF.

Adopt a "lesser of" provision for services paid under the per diem methodology for hospital inpatient opioid detoxification services. Payment is the lesser of the hospital allowed charges, the MCO priced amount or the per diem amount.

8. **Does the rule incorporate material by reference? Yes**
9. **If the rule incorporates material by reference and the agency claims the material is exempt pursuant to R.C. 121.71 to 121.76, please explain the basis for the exemption and how an individual can find the referenced material.**
- 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;
83 Fed. Reg. 41144-41784 (2018);
42 C.F.R. Part 412 as published in the October 1, 2018, 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 1395ww(m), as amended as of the effective date of this rule.
The department of health and human services, centers for medicare and medicaid service' hospital-specific cost-to-charge ratio information as of the July 2018 update to the department of health and human services, centers for medicare and medicaid services' inpatient provider specific file (IPSF).
10. **If revising or re-filing the rule, please indicate the changes made in the revised or re-filed version of the rule.**

Not Applicable

II. Fiscal Analysis

11. **As a result of this proposed rule, please estimate the increase / decrease in revenues or expenditures affecting this agency, or the state generally, in the current biennium**

or future years. If the proposed rule is likely to have a different fiscal effect in future years, please describe the expected difference and operation.

This will decrease expenditures.

\$ 6.4 million

The projected impact of the above recommendations will be a 2019 hospital inpatient spend of \$49.9 million. The modifications will continue to ensure Ohio's injured workers' access to quality care. These recommendations will allow BWC to maintain a competitive fee schedule with appropriate benefits and quality care being provided to Ohio injured workers.

12. What are the estimated costs of compliance for all persons and/or organizations directly affected by the 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.

13. Does the rule increase local government costs? (If yes, you must complete an RSFA Part B). No

14. Does the rule regulate environmental protection? (If yes, you must complete an RSFA Part C). No

III. Common Sense Initiative (CSI) Questions

15. Was this rule filed with the Common Sense Initiative Office? Yes

16. Does this rule have an adverse impact on business? Yes

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.