Rule Summary and Fiscal Analysis (Part A)

Bureau of Workers' Compensation
Agency Name

Division

Tom Sico
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4123-6-37.1
Rule Number

NEW
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, 4121.30, 4121.31, 4123.05**

5. Statute(s) the rule, as filed, amplifies or implements: **4121.121, 4121.44, 4121.441, 4123.66**

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

Ohio Administrative Code 4123-6-37 provides general criteria for the payment of inpatient and outpatient hospital services under the HPP. Proposed new rule OAC 4123-6-37.1 would provide specific methodology for the payment of inpatient hospital services.

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 rule provides that unless an MCO has negotiated a different payment rate with a hospital pursuant to rule 4123-6-08 of the Administrative Code, reimbursement for hospital inpatient services, except for outliers, shall be equal to 115% of the applicable diagnosis related group (DRG) reimbursement rate for the hospital inpatient service under the Medicare program.

For hospitals with a reported cost-to-charge ratio, outliers are defined as hospital inpatient stays in which the hospital's allowable billed charges multiplied by the hospital's reported cost-to-charge ratio is more than two standard deviations above the applicable medicare DRG value, and the rule provides that reimbursement for outliers shall be equal to the hospital's allowable billed charges multiplied by the hospital's reported cost-to-charge ratio, not to exceed 60% of the hospital's allowable billed charges;

For hospitals without a reported cost-to-charge ratio, outliers are defined as hospital inpatient stays in which 60% of the hospital's allowable billed charges is more than two standard deviations above the applicable medicare DRG value, and the rule provides that reimbursement for outliers shall be equal to 60% of the hospital's allowable billed charges.

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:

(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.

$60,000,000 annually

The proposed hospital reimbursement fee schedule will result in reduced reimbursements to hospitals compared to the current fee schedule. These reimbursements are from the State Insurance Fund.

14. Identify the appropriation (by line item etc.) that authorizes each expenditure necessitated by the proposed rule:

From H.B. 67, Section 3, Line item 023 855-407. BWC may expend $20,000 to implement the fee schedule under this porposed rule.

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:

There is no significant cost of compliance on affected hospitals. The rule does not change the way hospitals will bill BWC or Managed Care Organizations for services.

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**