

**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, 4121.30, 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:

To clarify the reimbursement of inpatient hospital services under the BWC Health Partnership Program.

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 amendments to this rule clarify that unless an MCO has negotiated a different

payment rate with a hospital, reimbursement for hospital inpatient services (other than outliers and payments to DRG-exempt hospitals and distinct-part units of hospitals) shall be equal to 115% of the applicable diagnosis related group (DRG) reimbursement rate for the hospital inpatient service under the Medicare program.

The rule proposes that, in addition to the payment specified above, hospitals operating approved graduate medical education programs and receiving additional reimbursement from Medicare for costs associated with these programs shall receive an additional per diem amount for direct graduate medical education costs associated with hospital inpatient services reimbursed by the bureau, and provides a formula for calculation of the per diem amount.

The definition of, and reimbursement of, outliers is unchanged; however, the cost-to-charge ratios used in the determination and reimbursement are more specifically identified.

The rule identifies how reimbursement for inpatient services provided by hospitals and distinct-part units of hospitals designated by the Centers for Medicare and Medicaid Services' Medicare program as exempt from DRG-based reimbursement (where there is no "applicable DRG reimbursement rate") shall be determined.

The rule provides greater specificity as to the Medicare regulations under which the "applicable DRG reimbursement rate" is determined, and which are incorporated by reference into the rule.

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:

The cited material is published by the United States Department of Health and Human Services' Centers for Medicare and Medicaid in the Federal Register and in the Code of Federal Regulations.

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:

The cited rules run to hundreds if not thousands of pages.

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:

In paragraph (C)(1), a typographical error in the word "impatient" is corrected to "inpatient."

12. 119.032 Rule Review Date: **3/1/2009**

(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 amendments to this rule continue the hospital reimbursement fee schedule reduced reimbursements implemented in new rule 4123-6-37.1, effective 1-1-07. The fee reductions are compared to 2005. The reimbursements for these fees 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 the original filed rule and this proposed amended 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 with this rule by 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**