

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, 4121.121, 4121.30, 4121.31, 4123.05**

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

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

BWC is required to adopt annual changes to its fee schedules via the O.R.C. Chapter 119 rulemaking process. The rule establishes the fees to be paid by BWC to providers of inpatient hospital services for injured workers.

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 to revise the Federal Register citations to the 2012 regulations, and the 42 CFR Part 412 citation to that published in the October 1, 2012 C.F.R.

BWC is proposing to adopt version 30.0 of the MS-DRGs and pricing factors as published in Medicare's Inpatient Prospective Payment System (IPPS) Final Rule.

BWC is further proposing not to adopt Medicare's Value-Based Purchasing incentive payments.

BWC is further proposing not to adopt Medicare's Excess Readmissions payment reduction.

BWC is further proposing to maintain the current inlier payment adjustment factor (PAF) to hospitals at one hundred twenty percent (120%) of the applicable MS-DRG.

BWC is further proposing to maintain the per diem rates to hospitals for direct graduate medical education at one hundred twenty percent (120%), using the effective date of the rule, February 1, 2013, as the date for calculating the annual per diem rates for direct graduate medical education.

BWC is further proposing to maintain the current outlier payment adjustment factor (PAF) to hospitals at one hundred eighty percent (180%) of the applicable MS-DRG reimbursement rate.

BWC is further proposing that 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, 2012 multiplied by 1.14, not to exceed seventy percent (70%) of allowed billed charges.

BWC is further proposing that 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, 2012 multiplied by 1.14, not to exceed seventy percent (70%) of allowed billed charges.

BWC is further proposing that hospitals who do not participate in the Medicare program be reimbursed at the MS-DRG rate using the National Standardized base rate.

The proposed rule would also clarify 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, 2013 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:

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

This rule is being revised filed per LSC advice due to the information presented in the Notice of Public Hearing. The notice of Public Hearing states the day of the Public Hearing being Tuesday on December 20th, instead of being Thursday on December 20th.

The rule itself has no changes from the original filing from yesterday afternoon, on November 19, 2012.

12. 119.032 Rule Review Date: **11/1/2014**

(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.

140,000

Projections indicate an overall decrease in expenditures by BWC from the State Insurance Fund of 0.2% or \$140,000 in 2013 reimbursements from 2012 reimbursement levels.

We are not overly changing the overall methodology, and BWC does recognize that payments will decrease by approximately \$2 million across 166 reimbursement to all hospitals to an appropriate and equitable paymnet over cost. Based on our analysis we are reimbursing at 114% of cost.

The proposed changes have no net impact on the BWC budget, as they do not affect expenditures from the BWC Administrative Cost Fund.

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:

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 have realize minimal additional cost of compliance.

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? **No**

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**

Hospitals must submit billing information to the bureau and its managed care organizations to receive reimbursement under the rule.