

**Rule Summary and Fiscal Analysis (Part A)****Bureau of Workers' Compensation**

Agency Name

Division

**Aniko Nagy**

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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's hospital inpatient fee schedule is based largely on Medicare's inpatient prospective payment system (IPPS). The Medicare IPPS is fully evaluated and updated yearly to ensure appropriate reimbursement levels to hospitals. Accordingly, BWC is updating this rule to match IPPS.

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:

Title XVIII of the Social Security Act and the Code of Federal Regulations, 42 C.F.R. Part 412, is easily available on-line, free of charge.

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 If the rule is being **rescinded** and incorporates a text or other material by reference, and it was **infeasible** for the agency to file the text or other material, provide an explanation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:

Language was added to paragraphs (A)(1)(b) & (A)(3)(b) of this rule to clarify the intent of the Bureau. Further, question 13 of the RSFA was changed to reflect that the increase in expenditures has no net impact to the Bureau's appropriated administrative budget.

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 increase expenditures.

\$2.6M

BWC expenditures for hospital inpatient services for injured workers are expected to increase by approximately \$2.6 million under this rule. These services are paid out of BWC's State Insurance Fund as injured workers benefits. Therefore, there is no net impact to BWC's appropriated administrative budget.

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.

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. 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.

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.

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**

Reimbursement for inpatient hospital services will be calculated based on the hospitals' submitted cost report to the Bureau.