

4123-6-37.1

**Payment of hospital inpatient services.****(A) HPP.**

Unless an MCO has negotiated a different payment rate with a hospital pursuant to rule 4123-6-10 of the Administrative Code, reimbursement for hospital inpatient services with a discharge date of February 1, ~~2017~~ 2018, or after shall be as follows:

**(1)**

- (a) Reimbursement for hospital inpatient services, other than outliers as defined in paragraph (A)(3) of this rule or services provided by hospitals subject to reimbursement under paragraph (A)(4) of this rule, shall be calculated using the applicable medicare severity diagnosis related group (MS-DRG) reimbursement rate for the hospital inpatient service under the medicare inpatient prospective payment system, multiplied by a payment adjustment factor of ~~1.127~~ 1.095, according to the following formula:

MS-DRG reimbursement rate x ~~1.127~~ 1.095 = bureau reimbursement for hospital inpatient service.

- (b) In the event the centers for medicare and medicaid services makes subsequent adjustments to the medicare reimbursement rates under the medicare inpatient prospective payment system as implemented by the materials specified in paragraph ~~(A)(7)~~ (A)(9) of this rule other than technical corrections, including but not limited to adjustments related to federal budget sequestration pursuant to the 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, the "applicable medicare severity diagnosis related group (MS-DRG) reimbursement rate for the hospital inpatient service under the medicare inpatient prospective payment system" as specified in this paragraph shall be determined by the bureau without regard to such subsequent adjustments.

- (2) In addition to the payment specified by paragraph (A)(1) of this rule, 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. Hospital specific per diem rates for direct graduate medical education shall be calculated annually by the bureau effective February first of each year, using the most current cost report data available from the centers for medicare and medicaid services, according to the following formula:

~~1.127~~ 1.095 x [(total approved amount for resident cost + total approved amount for allied health cost)/ total inpatient days] = direct graduate medical education per diem.

Direct graduate medical education per diems shall not be applied to outliers as defined in paragraph (A)(3) of this rule or services provided by hospitals subject to reimbursement under paragraph (A)(4) of this rule.

(3)

(a) Reimbursement for outliers as determined by medicare's inpatient prospective payment system outlier methodology shall be calculated using the applicable medicare severity diagnosis related group (MS-DRG) outlier reimbursement rate for the hospital inpatient service under the medicare inpatient prospective payment system multiplied by a payment adjustment factor of ~~1.754~~ 1.715, according to the following formula:

MS-DRG outlier reimbursement rate x ~~1.754~~ 1.715 = bureau reimbursement for hospital inpatient service outlier.

(b) In the event the centers for medicare and medicaid services makes subsequent adjustments to the medicare reimbursement rates under the medicare inpatient prospective payment system as implemented by the materials specified in paragraph ~~(A)(7)~~(A)(9) of this rule other than technical corrections, including but not limited to adjustments related to federal budget sequestration pursuant to the 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, the "applicable medicare severity diagnosis related group (MS-DRG) outlier reimbursement rate for the hospital inpatient service under the medicare inpatient prospective payment system" as specified in this paragraph shall be determined by the bureau without regard to such subsequent adjustments.

(4) Reimbursement for inpatient services provided by hospitals and distinct-part units of hospitals designated by the medicare program as exempt from the medicare inpatient prospective payment system shall be determined as follows:

(a) For hospitals the department of health and human services, centers for medicare and medicaid services maintained hospital-specific cost-to-charge ratio information on as of October 1, ~~2016~~ 2017, based on the hospitals' submitted cost report (CMS-2552-10), reimbursement shall be equal to the hospital's allowable billed charges multiplied by the

hospital's reported operating cost-to-charge ratio (from the inpatient provider specific file in use by medicare on October 1, ~~2016~~ 2017) multiplied by a payment adjustment factor of 1.14, not to exceed seventy per cent of the hospital's allowed billed charges.

- (b) For hospitals the department of health and human services, centers for medicare and medicaid services did not maintain hospital-specific cost-to-charge ratio information on as of October 1, ~~2016~~ 2017, reimbursement shall be equal to the hospital's allowable billed charges multiplied by the applicable fiscal year ~~2017-2018~~ urban or rural statewide average operating cost-to-charge ratio set forth in table 8A of the federal rule referenced in paragraph (A)(5)(b) of this rule (the Ohio average operating cost-to-charge ratio shall be used for hospitals outside the United States) multiplied by a payment adjustment factor of 1.14, not to exceed seventy per cent of the hospital's allowed billed charges.
- (5) Reimbursement for inpatient services provided by hospitals and distinct-part units of hospitals that do not participate in the medicare program shall be calculated in accordance with the applicable provisions of paragraphs (A)(1) and (A)(3) of this rule using the national standardized amount for fiscal year ~~2017~~ 2018, full update, as found at ~~81-82~~ Fed. Reg. ~~57312-38548~~ (~~2016~~ 2017).
- (6) Reimbursement for inpatient services provided by "new hospitals" as defined in 42 C.F.R. 412.300(b) as published in the October 1, ~~2016~~ 2017 Code of Federal Regulations shall be calculated in the same manner as provided under paragraph (A)(4)(b) of this rule.
- (7) Reimbursement for acute or subacute inpatient detoxification services covered under rule 4123-6- 21.7 of the Administrative Code shall be calculated in accordance with the applicable provisions of paragraph (A) of this rule, unless the hospital elects to be reimbursed for these services at the all-inclusive per diem rates set forth in Table 1 of the appendix to this rule.
- (8) For purposes of this rule, hospitals must report the applicable inpatient revenue codes for accommodation and ancillary services set forth in Table 2 of the appendix to this rule.
- ~~(7)~~(9) For purposes of this rule, the "applicable medicare severity diagnosis related group (MS-DRG) reimbursement rate" or "value" shall be determined in accordance with the medicare program established under Title XVIII of the Social Security Act, 79 Stat. 286 (1965), 42 U.S.C. 1395 to 1395-III as amended as of the effective date of this rule, excluding 42 U.S.C. 1395ww(m), as implemented by the following materials, which are incorporated by reference:

- (a) 42 C.F.R. Part 412 as published in the October 1, ~~2016~~ 2017 Code of Federal Regulations;
- (b) Department of health and human services, centers for medicare and medicaid services' "42 CFR Parts 405, 412, 413, ~~et al.~~ 414, 416, 486, 488, 489, and 495 medicare program; hospital inpatient prospective payment systems for acute care hospitals and the long-term care hospital prospective payment system and policy changes and fiscal year ~~2017~~ 2018 rates; quality reporting requirements for specific providers ~~graduate medical education; hospital notification procedures applicable to beneficiaries receiving observation services; technical changes relating to costs to organizations and medicare cost reports; finalization of interim final rules with comment period on LTCH PPS payments for severe wounds, modifications of limitations on redesignation by the medicare geographic classification review board, and extensions of payments to MDHs and low-volume hospitals; medicare and medicaid electronic health record (EHR) incentive program requirements for eligible hospitals, critical access hospitals, and eligible professionals; provider-based status of indian health service and tribal facilities and organizations; costs reporting and provider requirements; agreement termination notices final rule," ~~81-82 Fed. Reg. 56761-57345~~ 37990-38589 (2016 2017).~~

(B) QHP or self insuring employer (non-QHP):

A QHP or self-insuring employer may reimburse hospital inpatient services at:

- (1) The applicable rate under the methodology set forth in paragraph (A) of this rule;  
or
- (2)
- (a) For hospitals the department of health and human services, centers for medicare and medicaid services maintained hospital-specific cost-to-charge ratio information on as of October 1, ~~2016~~ 2017, based on the hospitals' cost report (CMS-2552-10), the hospital's allowable billed charges multiplied by the hospital's reported operating cost-to-charge ratio (from the inpatient provider specific file in use by medicare on October 1, ~~2016~~ 2017) multiplied by a payment adjustment factor of 1.14, not to exceed seventy per cent of the hospital's allowed billed charges;
- (b) For hospitals the department of health and human services, centers for medicare and medicaid services did not maintain hospital-specific cost-

to-charge ratio information on as of October 1, ~~2016~~ 2017, the hospital's allowable billed charges multiplied by the applicable fiscal year ~~2017~~ 2017 urban or rural statewide average operating cost-to-charge ratio set forth in table 8A of the federal rule referenced in paragraph (A)(5)(b) of this rule (the Ohio average operating cost-to-charge ratio shall be used for hospitals outside the United States) multiplied by a payment adjustment factor of 1.14, not to exceed seventy per cent of the hospital's allowed billed charges; or

- (3) The rate negotiated between the hospital and the QHP or self-insuring employer in accordance with rule 4123-6-46 of the Administrative Code.

Effective:

Five Year Review (FYR) Dates: 2/1/2020

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Certification

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Date

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