

**Rule Summary and Fiscal Analysis (Part A)****Department of Job and Family Services**

Agency Name

**Division of Medical Assistance**

Division

**Nancy Van Kirk**

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**5101:3-1-60**

Rule Number

**AMENDMENT**

TYPE of rule filing

Rule Title/Tag Line

**Medicaid reimbursement.****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: **5111.02**

5. Statute(s) the rule, as filed, amplifies or implements: **5111.01, 5111.0112, 5111.02, 5111.021**

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

This rule is being proposed for amendment to incorporate Current Procedural Terminology (CPT) and Healthcare Common Procedure Coding System (HCPCS) codes (a nationally standardized coding system) so that the Department is in compliance with the Health Insurance Portability and Accountability Act (HIPAA), which requires the use of a nationally standardized coding system (45 CFR 162.1000 and 45 CFR 162.1102). The rule is also being amended to include routine quarterly pricing updates in pharmacy-related codes.

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:

This rule sets forth reimbursement methodology for non-institutional providers of medical services for Medicaid consumers. The changes involve addition, deletion, and revised pricing for both Current Procedural Terminology (CPT) and Healthcare Common Procedure Coding System (HCPCS) codes. They include the following: 1) the addition of two durable medical equipment repair codes; 2) revised pricing for five newborn care services codes; 3) the addition of 15 pharmacy related codes for skin substitutes; 4) the deletion of two pharmacy related family planning codes; 5) revised pricing for 18 pharmacy related injection codes; 6) revised pricing for five family planning codes; 7) revised pricing for 399 pharmacy codes for drugs administered by a non-oral method; 8) revised pricing for four pharmacy related radiology codes; 9) revised pricing for seven pharmacy related temporary codes; and 10) the deletion of one family planning code.

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 rule incorporates one or more references to another rule or rules of the Ohio Administrative Code (OAC). This question is not applicable to any incorporation by reference to another OAC rule because such reference is exempt from compliance with Ohio Revised Code (RC) 121.71 to 121.74 pursuant to RC 121.76(A)(3).

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:

Not Applicable.

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: **11/1/2010**

(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 have no impact on revenues or expenditures.

\$0.00

The proposed rule will have no impact on either revenues or expenditures during the current biennium because the rule will not become effective until July 1, 2009, which is after the close of the current biennium.

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

Not Applicable

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:

All payers will require providers to utilize the latest updates to the Current Procedural Terminology (CPT) and Healthcare Common Procedure Coding System (HCPCS) code sets when billing for services rendered. Any cost associated with the update of these code sets or with updates specific to the Ohio Medicaid program is

expected to be minimal. The department is unable to determine the cost of compliance of the proposed coverage and pricing changes on providers of services because the impact is provider specific and dependent upon the business model used and the number of times each of the affected procedure codes are billed.

16. Does this rule have a fiscal effect on school districts, counties, townships, or municipal corporations? **Yes**

You must complete Part B of the Rule Summary and Fiscal Analysis in order to comply with Am. Sub. S.B. 33 of the 120th General Assembly.

17. Does this rule deal with environmental protection or contain a component dealing with environmental protection as defined in R. C. 121.39? **No**

**Rule Summary and Fiscal Analysis (Part B)**

1. Does the Proposed rule have a fiscal effect on any of the following?

(a) School Districts	(b) Counties	(c) Townships	(d) Municipal Corporations
No	Yes	Yes	Yes

2. Please provide an estimate in dollars of the cost of compliance with the proposed rule for school districts, counties, townships, or municipal corporations. If you are unable to provide an estimate in dollars, please provide a written explanation of why it is not possible to provide such an estimate.

The department is proposing changes to Appendix DD of Ohio Administrative Code rule 5101:3-1-60. The changes to this rule involve the addition, deletion and revised pricing for Current Procedural Terminology (CPT) codes and Healthcare Common Procedure Coding System (HCPCS) codes. CPT and HCPCS codes are used by providers to bill for services rendered and by health plans nationwide to set coverage and reimbursement policy.

Specific changes to the appendix include the following: 1) the addition of two durable medical equipment repair codes; 2) revised pricing for five newborn care services codes; 3) the addition of 15 pharmacy related codes for skin substitutes; 4) the deletion of two pharmacy related family planning codes; 5) revised pricing for 18 pharmacy related injection codes; 6) revised pricing for five family planning codes; 7) revised pricing for 399 pharmacy codes for drugs administered by a non-oral method; 8) revised pricing for four pharmacy related radiology codes; 9) revised pricing for seven pharmacy related temporary codes; and 10) the deletion of one family planning code.

Counties, townships or municipal corporations may operate as providers of medical services reimbursed under the Medicaid program. These provider types typically include health departments, ambulatory clinics and durable medical equipment providers.

All payers will require providers to utilize the latest updates to the CPT and HCPCS code sets when billing for services rendered. Any cost associated with the update of these code sets or with updates specific to the Ohio Medicaid program is expected to be minimal.

The department is unable to determine the cost of compliance and fiscal impact of the proposed coverage and pricing changes on these provider types because the impact is provider specific and dependent upon the business model used and the

number of times each of the affected procedure codes are billed.

3. If the proposed rule is the result of a federal requirement, does the proposed rule exceed the scope and intent of the federal requirement? **No**
4. If the proposed rule exceeds the minimum necessary federal requirement, please provide an estimate of, and justification for, the excess costs that exceed the cost of the federal requirement. In particular, please provide an estimate of the excess costs that exceed the cost of the federal requirement for (a) school districts, (b) counties, (c) townships, and (d) municipal corporations.

*Not Applicable.*

5. Please provide a comprehensive cost estimate for the proposed rule that includes the procedure and method used for calculating the cost of compliance. This comprehensive cost estimate should identify all of the major cost categories including, but not limited to, (a) personnel costs, (b) new equipment or other capital costs, (c) operating costs, and (d) any indirect central service costs.

All payers will require providers to utilize the latest updates to the CPT and HCPCS code sets when billing for services rendered. Any cost associated with the update of these code sets or with updates specific to the Ohio Medicaid program is expected to be minimal.

The department is unable to determine the cost of compliance of the proposed coverage and pricing changes on providers of physician services because the impact is provider specific and dependent upon the business model used and the number of times each of the affected procedure codes are billed.

**(a) Personnel Costs**

Not quantifiable as these costs are provider specific and proprietary.

**(b) New Equipment or Other Capital Costs**

Not quantifiable as these costs are provider specific and proprietary.

**(c) Operating Costs**

Not quantifiable as these costs are provider specific and proprietary.

(d) Any Indirect Central Service Costs

Not quantifiable as these costs are provider specific and proprietary.

(e) Other Costs

Not quantifiable as these costs are provider specific and proprietary.

6. Please provide a written explanation of the agency's and the local government's ability to pay for the new requirements imposed by the proposed rule.

Not applicable.

7. Please provide a statement on the proposed rule's impact on economic development.

Not applicable.