

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

Agency Name

**Division of Medical Assistance**

Division

**Ben Anderson**

Contact

**30 East Broad St 31st Floor ODJFS Office of Legal Services Columbus OH 43215-3414**

Agency Mailing Address (Plus Zip)

**614-466-4605**

Phone

**614-752-8298**

Fax

**Benjamin.Anderson@jfs.ohio.gov**

Email

**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:

To incorporate changes associated with the 2013 update of the Healthcare Common Procedure Coding System (HCPCS), which includes Current Procedural Terminology (CPT) codes. The Centers for Medicare and Medicaid Services (CMS), in conjunction with the American Medical Association and other professional groups, update HCPCS on an annual basis. HCPCS is a medical procedure coding system that is the national standard for reporting medical services

for billing and claims payment purposes. The Office of Medical Assistance must implement the HCPCS update for the Medicaid program in order to comply with the federal Health Insurance Portability and Accountability Act (HIPAA).

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 the Medicaid reimbursement of covered services for individuals enrolled in the Medicaid fee-for-service program. The appendix to this rule is being changed to add new HCPCS codes, delete obsolete HCPCS codes and add the payment status indicator of "B" developed by CMS to indicate a bundled procedure. No separate payment is made for bundled procedures as they are incidental to a primary procedure. No changes are being made to the rule body itself.

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. This question is not applicable to any incorporation by reference to another OAC rule because such reference is exempt from compliance with ORC 121.71 to 121.74 pursuant to ORC 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. If applicable, indicate each specific paragraph of the rule that has been modified:

*Not Applicable.*

12. 119.032 Rule Review Date: **3/1/2017**

(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

No fiscal impact on current budget.

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:

OMA, as the single state Medicaid agency, is required to comply with the Health Insurance Portability and Accountability Act (HIPAA). This law requires both providers of medical service and payers for medical services - such as Medicare, Medicaid and private insurance - to use a standardized coding system when medical services are billed for reimbursement. This coding system consists of Current Procedural Terminology (CPT) codes, developed by the American Medical Association (AMA), and Healthcare Common Procedure Coding System (HCPCS),

developed by the Centers for Medicare and Medicaid Services (CMS). Collectively these coding systems are known as HCPCS. Every year, CMS and the AMA update HCPCS codes. When these updates occur, OMA must include the updated codes in its rules, and providers of medical services must use the updated codes in order to maintain their compliance with HIPAA. In complying with these updates, providers may be required to incur costs associated with updating billing software. These costs arise as a result of the HIPAA mandate to use standardized codes, and the updates to the codes generated by the AMA and CMS.

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**

**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**

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**

NO

C.) Does this rule require specific expenditures or the report of information as a condition of compliance? **No**

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	No	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.

To the extent that a Medicaid provider is also a county or municipal corporation, there may be a cost of compliance. However, it cannot be estimated. Every year, the Healthcare Common Procedure Code System (HCPCS) is updated with new and deleted codes. When these updates occur, the Office of Medical Assistance (OMA) must use the updated codes in its rules, and providers of medical services must use the updated codes in order to maintain their compliance with the Health Insurance Portability and Accountability Act (HIPAA). In using the updated codes, providers may incur costs associated with updated billing software. Due to providers using different software packages to create invoices, OMA is unable to provide an estimate of cost of compliance with this rule. The fiscal impact of the services affected by this proposed rule will be provider-specific and based on each provider's current business model for service delivery.

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.

There may be costs of compliance associated with the policy changes discussed above. The comprehensive cost estimates are provided below.

**(a) Personnel Costs**

To the extent that a Medicaid provider is also a county or municipal corporation there may be an impact on personnel costs; however, OMA is unable to determine the impact. Each year, the HCPCS coding system is updated with new and deleted codes. When these updates occur, OMA must use the updated codes in its rules, and providers of medical services must use the updated codes in order to maintain their compliance with HIPAA. Providers may incur personnel costs associated with updating billing software to incorporate the changes in codes. The fiscal impact of this proposed rule will be provider-specific and based on each provider's current business model for service delivery. Thus, OMA cannot quantify the fiscal impact.

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

To the extent that a Medicaid provider is also a county or municipal corporation, there may be an impact on new equipment or other capital costs; however, OMA is unable to determine the impact. Each year, the HCPCS coding system is updated with new and deleted codes. When these updates occur, OMA must use the updated codes in its rules, and providers of medical services must use the updated codes in order to maintain their compliance with HIPAA. Providers may incur new equipment or other capital costs associated with updating billing software to incorporate the changes in codes. The fiscal impact of this proposed rule will be provider-specific and based on each provider's current business model for service delivery. Thus, OMA cannot quantify the fiscal impact.

**(c) Operating Costs**

To the extent that a Medicaid provider is also a county or a municipal corporation, there may be an impact on operating costs; however, OMA is unable to determine the impact. Each year, the HCPCS coding system is updated with new and deleted codes. When these updates occur, OMA must use the updated codes in its rules, and providers of medical services must use the updated codes in order to maintain their compliance with HIPAA. Providers may incur operating costs associated with updating billing software to incorporate the changes in codes. The fiscal impact of this proposed rule

will be provider-specific and based on each provider's current business model for service delivery. Thus, OMA cannot quantify the fiscal impact.

(d) Any Indirect Central Service Costs

To the extent that a Medicaid provider is also a county or municipal corporation, there may be an impact on indirect central service costs; however, OMA is unable to determine the impact. Each year, the HCPCS coding system is updated with new and deleted codes. When these updates occur, OMA must use the updated codes in its rules, and providers of medical services must use the updated codes in order to maintain their compliance with HIPAA. Providers may incur indirect central service costs associated with updating billing software to incorporate the changes in codes. The fiscal impact of this proposed rule will be provider-specific and based on each provider's current business model for service delivery. Thus, OMA cannot quantify the fiscal impact.

(e) Other Costs

To the extent that a Medicaid provider is also a county or municipal corporation, there may be an impact on other costs; however, OMA is unable to determine the impact. Each year, the HCPCS coding system is updated with new and deleted codes. When these updates occur, OMA must use the updated codes in its rules, and providers of medical services must use the updated codes in order to maintain their compliance with HIPAA. Providers may incur other costs associated with updating billing software to incorporate the changes in codes. The fiscal impact of this proposed rule will be provider-specific and based on each provider's current business model for service delivery. Thus, OMA cannot quantify the fiscal impact.

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.

To the extent that a Medicaid provider is also a county or municipal corporation, there may be costs associated with updating billing software to incorporate the changes in HCPCS codes that occur when the HCPCS coding system is updated. Because this process occurs annually, providers anticipate this impact and plan accordingly.

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

development.

There is no discernible impact on economic development in making HCPCS updates, although using updated codes ensures appropriate reimbursement to providers.