

**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, Section 309.30.75 of Am. Sub. H.B. 1, 128th G.A.**

5. Statute(s) the rule, as filed, amplifies or implements: **5111.01, 5111.0112, 5111.02, 5111.021, Section 309.10 of Am. Sub. H.B. 1, 128th G.A.**

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

This rule is being proposed due to the implementation of the new Medicaid Information Technology System (MITS) implementation.

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 Medicaid coverage and reimbursement for all professional services. This rule is being amended to clarify existing language and to remove references to rescinded rules. To give providers additional information about place-of-service restrictions and applicability of the professional and technical modifiers, a new "Professional Component and Technical Component (PCTC) indicator" column has been created in Appendix DD to the rule. Appendix DD has also been updated to reflect reimbursement and coverage changes. The reimbursement amounts for 12 Current Procedural Terminology (CPT) codes have been reduced to comply with the mandated Medicaid payment ceiling of not paying more than the Medicare fee schedule. The reimbursement amount for two CPT codes has been increased to reflect changes in cost to physicians. Twenty-nine codes have been changed to "Not Covered" (NC) to reflect the requirement that only valid, HIPAA-compliant codes as determined by the American Medical Association and the Centers for Medicare and Medicaid Services may be covered. Reimbursement amounts have been assigned to two codes previously listed as "By Report." Coverage and reimbursement will begin for two new codes, A4466 and E2377. The annual fiscal impact of these changes will be approximately \$312,819.56.

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:

There are no changes to the body of the rule. This rule is being refiled to incorporate the following changes:

Six additional codes (J0530, J0540, J0550, J0835, J7322, J9170) are being changed to NC (not covered) in Appendix DD to reflect that they are no longer valid codes within the Healthcare Common Procedure Coding System (HCPCS).

The follow-up days ("F/U Days") column of Appendix DD is being changed to reflect MITS configuration decisions.

The indicators of "6" and "8" are being removed from the "PCTC Indicator" column of Appendix DD because they do not provide additional information about place-of-of service restrictions or the applicability of the professional technical modifiers.

None of these revisions will have a financial impact.

12. 119.032 Rule Review Date: **3/1/2015**

(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.

156,409.78

It is estimated the deletion of no longer valid Durable Medical Equipment (DME) codes and the addition of a replacement DME code, price decreases for seven lab codes and eight DME codes, a price increase for a physician administered drug will increase expenditures for the remainder of the biennium by \$156,409.78. This

estimate was arrived at by making the following assumptions: 1)that overall utilization will remain constant, 2)that utilization for the DME code A466 will reflect that of the eight codes for which it is replacing.

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

600525

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:

There may be a cost of compliance to providers associated with acquiring new or updating existing information technology systems to interface with MITS. There may be a cost of compliance to providers associated with changing existing business processes in order to do business with ODJFS as a result of MITS implementation. There may be a cost of compliance to providers associated with claims that have typically paid or denied adjudicating differently as a result of MITS implementation. This cost of compliance may or may not be the result of a policy change or ODJFS newly enforcing existing policy. The cost of compliance may result in greater or lesser payments to providers depending on whether claims that previously paid or denied instead deny or pay, respectively. The cost of compliance cannot be estimated as it will vary depending on a provider's existing information technology system, business practices, and other variables.

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
<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>

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.

There may be a cost of compliance to providers associated with acquiring new or updating existing information technology systems to interface with MITS. There may be a cost of compliance to providers associated with changing existing business processes in order to do business with ODJFS as a result of MITS implementation. There may be a cost of compliance to providers associated with claims that have typically paid or denied adjudicating differently as a result of MITS implementation. This cost of compliance may or may not be the result of a policy change or ODJFS newly enforcing existing policy. The cost of compliance may result in greater or lesser payments to providers depending on whether claims that previously paid or denied instead deny or pay, respectively. The cost of compliance cannot be estimated as it will vary depending on a provider's existing information technology system, business practices, and other variables. ODJFS is recommending providers obtain a high-speed internet connection for MITS web portal use.

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 implementation of this rule. The comprehensive cost estimates are addressed below.

**(a) Personnel Costs**

To the extent that a provider is a school district, county, township, or municipal corporation, there may be a cost of compliance for personnel costs associated with the proposed rule. However, the cost of compliance cannot be estimated as it will vary depending on whether a provider acquires new/more staff as a result of MITS implementation, or is able to reduce staff size for efficiencies gained by MITS implementation.

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

To the extent that a provider is a school district, county, township, or municipal corporation, there may be a cost of compliance for new equipment or other capital costs associated with the proposed rule. However, the cost of compliance cannot be estimated as it will vary depending on the type of information technology system a provider uses and whether the provider is required to purchase a new operating system in order to do business with ODJFS.

**(c) Operating Costs**

To the extent that a provider is a school district, county, township, or municipal corporation, there may be a cost of compliance for operating costs associated with the proposed rule. However, the cost of compliance cannot be estimated as it will vary depending on whether a provider acquires new/more staff as a result of MITS implementation, is able to reduce staff size for efficiencies gained by MITS implementation, and/or is required to purchase a new operating system in order to do business with ODJFS.

**(d) Any Indirect Central Service Costs**

To the extent that a provider is a school district, county, township, or municipal corporation, there may be a cost of compliance for indirect central service costs associated with the proposed rule. However, the cost of compliance cannot be estimated as it will vary by provider.

(e) Other Costs

To the extent that a provider is a school district, county, township, or municipal corporation, there may be a cost of compliance for other costs associated with the proposed rule. However, the cost of compliance cannot be estimated as it will vary by provider.

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.

Implementation of the rule is not expected to have any significant cost to the Ohio Department of Job and Family Services, but any costs that may exist have already been budgeted and are reimbursed at 90% federal financial participation.

To the extent that a provider is a school district, county, township, or municipal corporation and the provider incurs a cost associated with requirements imposed by the proposed rule related to MITS implementation, the provider ideally will have budgeted for potentially increased costs. Moreover, providers may realize a savings related to increased efficiencies as a result of MITS implementation.

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

There will be a positive economic impact on companies that will assist providers in submitting claims electronically to ODJFS. The economic impact on providers to the extent that a provider is a school district, county, township, or municipal corporation cannot be estimated as some providers will realize cost savings related to increased efficiencies, while others may realize a loss in revenue related to claims denying that once paid as a result of improving the claims adjudication system to mirror existing payment policy.