

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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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 changes associated with the 2011 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 department must implement the HCPCS update for the Medicaid program to comply with the federal Health Insurance Portability and Accountability Act

(HIPAA).

This rule is also being proposed for amendment to update reimbursement and coverage information for physician administered drugs.

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. Changes include the addition of new HCPCS codes, deletion of obsolete HCPCS codes, and revision of definitions. Changes also include the creation of maximum payment amounts for the new HCPCS codes and discontinuing the amounts for HCPCS codes rendered obsolete. Some of the coding changes require amendments to existing policy on coverage.

Changes also include updates to reimbursement and coverage of physician administered drugs.

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:

The appendix to this rule is being revised to correct CPT code K0738 which was erroneously changed to noncovered in the original file. The code is still an actively covered code with no changes.

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.

29,027.74

It is expected that the updates to reimbursement for injectable drugs will increase expenditures during the current biennium by \$29,027.74. The changes in reimbursement are being implemented to keep pace with physician expense. This calculation is based on current utilization patterns and the relative change in reimbursement amount.

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 related to updating the Healthcare Common Procedure Coding System (HCPCS). Every year, HCPCS is updated with new and deleted codes. All payers require providers to use this coding system when billing for services. In order to comply, providers must use the updated billing codes and may incur costs associated with updating billing software. Due to providers using different software packages to create invoices, the Department is unable to provide an estimate of the cost of compliance with this rule.

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

Yes

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.

To the extent that a Medicaid provider is also a school district, county, township, or municipal corporation, there may be a cost of compliance related to updating the Healthcare Common Procedure Coding System (HCPCS). Every year, HCPCS is updated with new and deleted codes. All payers require providers to use this coding system when billing for services. In order to comply, providers must use the updated billing codes and may incur costs associated with updating billing software. Due to providers using different software packages to create invoices, the Department is unable to provide an estimate of the cost of compliance with this rule.

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 HCPCS updates discussed above.

(a) Personnel Costs

To the extent that a Medicaid provider is also a school district, county, township, or municipal corporation, there may be an impact on personnel costs; however, the Department is unable to determine the impact. Every year, the Healthcare Common Procedure Coding System (HCPCS) is updated with new and deleted codes. All payers require providers to use this coding system when billing for services. In order to comply, providers must use the updated billing codes and may incur personnel costs associated with updating billing software. 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. Thus, the Department cannot quantify the fiscal impact.

(b) New Equipment or Other Capital Costs

To the extent that a Medicaid provider is also a school district, county, township, or municipal corporation, there may be an impact on equipment/capital costs; however, the Department is unable to determine the impact. Every year, the Healthcare Common Procedure Coding System (HCPCS) is updated with new and deleted codes. All payers require providers to use this coding system when billing for services. In order to comply, providers must use the updated billing codes and may incur equipment or other capital costs associated with updating billing software. 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. Thus, the Department cannot quantify the fiscal impact.

(c) Operating Costs

To the extent that a Medicaid provider is also a school district, county, township, or municipal corporation, there may be an impact on operating costs; however, the Department is unable to determine the impact. Every year, the Healthcare Common Procedure Coding System (HCPCS) is updated with new and deleted codes. All payers require providers to use this coding system when billing for services. In order to comply, providers must use the updated billing codes and may incur operating costs associated with updating billing software. 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. Thus, the Department cannot quantify the fiscal

impact.

(d) Any Indirect Central Service Costs

To the extent that a Medicaid provider is also a school district, county, township, or municipal corporation, there may be an impact on indirect costs; however, the Department is unable to determine the impact. Every year, the Healthcare Common Procedure Coding System (HCPCS) is updated with new and deleted codes. All payers require providers to use this coding system when billing for services. In order to comply, providers must use the updated billing codes and may incur indirect costs associated with updating billing software. 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. Thus, the Department cannot quantify the fiscal impact.

(e) Other Costs

To the extent that a Medicaid provider is also a school district, county, township, or municipal corporation, there may be an impact on other costs; however, the Department is unable to determine the impact. Every year, the Healthcare Common Procedure Coding System (HCPCS) is updated with new and deleted codes. All payers require providers to use this coding system when billing for services. In order to comply, providers must use the updated billing codes and may incur other costs associated with updating billing software. 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. Thus, the Department 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 school district, county, township, or municipal corporation, there may be costs of compliance; however, the Department is unable to determine the impact. Every year, the Healthcare Common Procedure Coding System (HCPCS) is updated with new and deleted codes. All payers require providers to use this coding system when billing for services. In order to comply, providers must use the updated billing codes and may incur costs associated with updating billing software. 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.

Every year, the Healthcare Common Procedure Coding System (HCPCS) is updated with new and deleted codes. All payers require providers to use this coding system when billing for services. There is no discernable impact on economic development related to making these updates, although using updated codes ensures appropriate reimbursement to providers.