Rule Summary and Fiscal Analysis (Part A)

Department of Job and Family Services
Agency Name

Division of Medical Assistance — Division
Nancy Van Kirk — Contact

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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:

To update policy related to coverage and reimbursement of physician-administered drugs, durable medical equipment (DME), orthotics, and prosthetics.

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 polices for professional

services. Changes include updates to reimbursment for physician-administered drugs to reflect acquisition costs.

Coverage is also being updated to reflect quarterly updates received from the Centers for Medicare and Medicaid.

In addition, DME codes for cochlear implant batteries (L7368, L8621, L8622, L8623, and L8624), are being covered to allow for tracking of utilization and to reduce administrative burden associated with the current prior authorization process.

The reimbursement for L3230 is being updated to reflect that the code covers one shoe rather than two.

Coverage of code S1040, cranial remolding orthosis, is being allowed in order to track utilization and to avoid administrative costs associated with the prior authorization process.

Reimbursement amounts for codes G0431 and G0434 are being added to reflect that these codes are replacing and adding more specificity to the drug screening services covered under existing code 80101.

These changes are being made to the appendix of the rule. The rule body is remaining unchanged.

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 of the rule is being revised to reflect new physician-administered drug reimbursement information received published by the Centers for Medicare and Medicaid Services (CMS). The reimbursement rates for 316 codes have been changed to reflect this new information.

RSFA question 13 has been updated to reflect additional expenditures resulting from updating these reimbursement rates. The changes to question 13 include the recognition that the rule change will impact the current biennium, which began following the original rule filing.

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.

$9,450,157.66

The updates to coverage and reimbursement for physician-administered drugs will increase expenditures by an estimated $9,450,157.66 over the biennium encompassing state fiscal years 2012 and 2013. The 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 coverage of new Healthcare Common Procedure Coding System (HCPCS) codes. Providers may incur costs associated with updating billing software. Due to providers using different software packages, 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
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.

   To the extent that a Medicaid provider is also a county, township, or municipal corporation, there may be a cost of compliance related to updating the coverage and reimbursement of Healthcare Common Procedure Coding System (HCPCS) codes. Every quarter, CMS updates HCPCS 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, 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 county, township, or municipal corporation, there may be an impact on personnel costs; however, the Department is unable to determine the impact. Every quarter, the 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 county, township, or municipal corporation, there may be an impact on equipment/capital costs; however, the Department is unable to determine the impact. Every quarter, 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 county, township, or municipal corporation, there may be an impact on operating costs; however, the Department is unable to determine the impact. Every quarter, 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 county, township, or municipal corporation, there may be an impact on indirect costs; however, the Department is unable to determine the impact. Every quarter, 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 county, township, or municipal corporation, there may be an impact on other costs; however, the Department is unable to determine the impact. Every quarter, 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 ability to pay for the new requirements resulting from 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 county, township, or municipal corporation, there may be costs of compliance; however, the Department is unable to determine the impact. Every quarter, 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. The provider's ability to pay for the new requirements resulting from 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 provider's ability to pay.

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

Every year, 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.