

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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5101:3-10-03

Rule Number

AMENDMENT

TYPE of rule filing

Rule Title/Tag Line

"Medicaid Supply List".**RULE SUMMARY**

1. Is the rule being filed consistent with the requirements of the RC 119.032 review? **Yes**

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, 5111.02, 5111.021, 5111.262, 5111.20**

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 because of the five year rule review, and to reflect changes made in other rules, provide clarification, and authorize wheelchair code E2377 for separate reimbursement upon initial issue of a wheelchair.

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 coverage criteria for Medicaid supplied Durable Medical Equipment (DME). Changes include the addition of new Healthcare Common Procedure Coding System (HCPCS) codes, deletion of obsolete HCPCS codes, revision of definitions, and updates to the fee schedules for 2011.

Changes also include modifications required to reflect the provisions in OAC rules 5101:3-3-19 and 5101:3-3-19.1 regarding the medical supplier services which are reimbursable directly to the medical supply provider for consumers residing in a nursing facility or intermediate care facility for the mentally retarded. Further clarification is being provided to the change effective on January 1, 2010 which lowered the monthly allowed amount without a prior authorization of incontinence codes T4535 and T4538 for adults age 21 years or older from 300 units per month to 200 units per month. In addition, wheelchair code E2377 is being authorized for separate reimbursement upon initial issue of a wheelchair.

In addition, clarification is made to the paragraphs that pertain to urological, ostomy and wound supplies as well as ventilator equipment. This clarification was added to remind providers to review specific program coverage criteria contained in OAC Chapter 5101:3-10 prior to dispensing these items. Clarifying rule language was added to provide stakeholders with additional information regarding the Max Units indicator in appendix A.

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).

This rule incorporates one or more references to the Ohio Revised Code. This

question is not applicable to any incorporation by reference to the ORC because such reference is exempt from compliance with ORC 121.71 to 121.74 pursuant to ORC 121.76(A)(1).

This rule incorporates one or more references to federal laws or the Code of Federal Regulations (CFR). This question is not applicable to those references in this rule because such references are exempt from compliance with ORC 121.71 to 121.74 pursuant to ORC 121.76(B)(2).

This rule incorporates one or more dated references to an ODJFS form or forms. Each cited ODJFS form is dated and is generally available to persons affected by this rule via the "Info Center" link on the ODJFS web site (<http://jfs.ohio.gov/>) in accordance with ORC 121.75(E).

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:

This rule has been revised to add additional information to enhance rule clarification for the benefit of the providers in paragraph (D)(1) of this rule. Specifically a sentence was added at the end of paragraph (D)(1) defining the indicator "H*," which is used in the existing appendix to the rule.

12. 119.032 Rule Review Date: **1/7/2011**

(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 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:

There may be a cost of compliance related to updating the Healthcare Common Procedural 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. The department also estimates that the administrative costs to providers of these services may be increased due to the requirement to complete and submit when appropriate specific medical necessity documentation to the department for prior authorization of medical equipment. However, as these costs are provider specific and dependent on any particular providers current administrative costs, the overall impact on providers cannot be determined by the department.

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 associated with the implementation of the proposed rule. This rule requires specific medical necessity documentation to be kept on file by the provider and if necessary the provider will send this documentation to the department for prior authorization review. The actual cost for each provider cannot be estimated, because the cost will vary from provider to provider depending on the provider's business model and the frequency at which the provider bills for the affected supplies. This additional cost, if any, should be minimal because providers are experienced at navigating the prior authorization process.

In addition, 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. 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. 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.

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.

(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 associated with the implementation of the proposed rule. This rule requires specific medical necessity documentation to be kept on file by the provider and if necessary the provider will send this documentation to the department for prior authorization review. The actual cost for each provider cannot be estimated, because the cost will vary from provider to provider depending on the provider's business model and the frequency at which the provider bills for the affected supplies. This additional cost, if any, should be minimal because providers are experienced at navigating the prior authorization process.

In addition, 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 associated with the implementation of the proposed rule. This rule requires specific medical necessity documentation to be kept on file by the provider and if necessary the provider will send this

documentation to the department for prior authorization review. The actual cost for each provider cannot be estimated, because the cost will vary from provider to provider depending on the provider's business model and the frequency at which the provider bills for the affected supplies. This additional cost, if any, should be minimal because providers are experienced at navigating the prior authorization process.

In addition, 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/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 associated with the implementation of the proposed rule. This rule requires specific medical necessity documentation to be kept on file by the provider and if necessary the provider will send this documentation to the department for prior authorization review. The actual cost for each provider cannot be estimated, because the cost will vary from provider to provider depending on the provider's business model and the frequency at which the provider bills for the affected supplies. This additional cost, if any, should be minimal because providers are experienced at navigating the prior authorization process.

In addition, 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 associated with the implementation of the proposed rule. This rule requires specific medical necessity documentation to be kept on file by the provider and if necessary the provider will send this documentation to the department for prior authorization review. The actual cost for each provider cannot be estimated, because the cost will vary from provider to provider depending on the provider's business model and the frequency at which the provider bills for the affected supplies. This additional cost, if any, should be minimal because providers are experienced at navigating the prior authorization process.

In addition, 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 associated with the implementation of the proposed rule. This rule requires specific medical necessity documentation to be kept on file by the provider and if necessary the provider will send this documentation to the department for prior authorization review. The actual cost for each provider cannot be estimated, because the cost will vary from provider to provider depending on the provider's business model and the frequency at which the provider bills for the affected supplies. This additional cost, if any, should be minimal because providers are experienced at navigating the prior authorization process.

In addition, 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 associated with the implementation of the proposed rule. This rule requires specific medical necessity documentation to be kept on file by the provider and if necessary the provider will send this documentation to the department for prior authorization review. The department cannot provide an estimate of the entity's ability to pay for the new requirements imposed by the proposed rule because the amount of an actual cost, if any, for each provider will vary from provider to provider, depending on the provider's business model and the frequency at which the provider bills for the affected supplies.

In addition, 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.

There may be an impact on economic development related to this rule, although it cannot be estimated. This impact, if any, would vary by school district, county, township, or municipal corporation depending on the provider's business model and the frequency at which they bill for affected supplies.

In addition, 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.