

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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5101:3-10-05

Rule Number

AMENDMENT

TYPE of rule filing

Rule Title/Tag Line

Reimbursement for covered services.**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? **Yes**

Bill Number: **HB1**General Assembly: **128**Sponsor: **Sykes**

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, 5111.02, 5111.021, Section 309.30.75 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 amended to attain cost savings prescribed in section 309.30.75 of Amended Substitute House Bill 1, which requires the Department to reduce the reimbursement rates for specified Medicaid providers to result in an amount that is at least three per cent lower in the aggregate than the rates in effect on December 31, 2009.

This rule is also being filed for five year rule review and has added clarifying language regarding what costs the Department deems reimbursable and what documentation is required.

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:

Rule 5101:3-10-05, entitled Reimbursement for Covered Services, sets forth among other things the manner in which providers may bill and be reimbursed for DME. Some DME items are reimbursed at maximum of 75 percent of the list price. This maximum figure has been reduced by three percent. Some DME items are reimbursed at a maximum of 150 percent of the provider's invoice price. This maximum figure has been reduced by three percent. Taken together, these reductions are estimated to result in annual savings of approximately \$272,067, and a biennial savings of approximately \$408,101.

The body of rule 5101:3-10-05 has also been modified as part of five year rule review in order to provide additional clarification of existing department policy regarding reimbursable costs and documentation.

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 OAC 121.76 (A) (3).

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).

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 answer provided to Rule Summary and Fiscal Analysis (RSFA) Part A, question 13, is being revised to describe a decrease in expenditures due to a reduction in capitation payments to managed care plans.

The answer provided to RSFA Part A, question 15, is being revised to more accurately describe the estimated cost of compliance with the rule to all directly affected persons.

The answers provided to RSFA Part B, questions 2, 5, 6 and 7 are being revised to more accurately describe the estimated cost of compliance with the rule to counties, townships, and municipal corporations, and more accurately describe the rule's fiscal impact on agencies and local governments.

There are no changes to the rule.

12. 119.032 Rule Review Date: **10/8/2009**

(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 decrease expenditures.

\$408,101

This rule change is estimated to decrease department expenditures during the current biennium by \$408,101.

In addition to the \$408,101 reported above, the Department expects to decrease expenditures by \$36,841,509 during the current biennium due to a decrease in capitation payments to managed care plans. This decrease is the result of the rate reductions implemented by this and other rules implementing section 309.30.75 of Am. Sub. H.B. 1 (128th G.A.).

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

Line item 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:

The changes in this rule will reduce Medicaid reimbursement to providers. To the extent that this reduction in reimbursement is a cost of compliance, providers will be subject to a cost of compliance when they bill for the affected services. Providers may also experience a reduction in reimbursement from managed care plans. The Department cannot provide an estimate of the impact in reimbursement, because the amount of the reduction will vary from provider to provider, depending on their business model and the frequency at which they bill the reduced codes. In addition to the reductions in reimbursement, the Department has added clarifying language regarding reimburseable costs, as well as required documentation. To the extent that providers choose to become more diligent and expend more time and effort with regard to billing and documentation, additional costs may be incurred. However, the Department cannot provide an estimate of the impact on providers as it is provider-specific and depends on current business practices. Managed care plans will receive lower capitation payments. To the extent that these lower capitation payments are a cost of compliance, managed care plans will be subject to a cost of compliance. The precise impact will vary plan to plan due to the case mix, number of enrollees and business model of each plan.

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.

The changes in this rule will reduce Medicaid reimbursement to providers. To the extent that this reduction in reimbursement is a cost of compliance, and to the extent that providers of these services are counties, townships or municipal corporations, providers will be subject to a cost of compliance when they bill for the affected services. Providers may also experience a reduction in reimbursement from managed care plans. The Department cannot provide an estimate of the impact in reimbursement, because the amount of the reduction will vary from provider to provider, depending on their business model and the frequency at which they bill the reduced codes.

In addition to the reductions in reimbursement, the Department has added clarifying language regarding reimbursable costs, as well as required documentation. To the extent that providers of these services are counties, townships or municipal corporations, and these providers choose to become more diligent and expend more time and effort with regard to billing and documentation, additional costs may be incurred. However, the Department cannot provide an estimate of the impact on providers as it is provider-specific and depends on current business practices.

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.

This rule is being proposed in response to provisions in Ohio Amended Substitute House Bill 1 that require reduced expenditures to certain providers by an aggregate amount of three percent for dates of service on or after January 1, 2010.

(a) Personnel Costs

The changes in this rule will reduce Medicaid reimbursement to providers. To the extent that this reduction in reimbursement is a cost of compliance, and to the extent that providers of these services are counties, townships or municipal corporations, providers will receive less revenue that can be used to cover personnel costs when they bill for the affected services. Providers may also experience a reduction in reimbursement from managed care plans. The Department cannot provide an estimate of the impact in reimbursement, because the amount of the reduction will vary from provider to provider, depending on their business model and the frequency at which they bill the reduced codes.

In addition to the reductions in reimbursement, the Department has added clarifying language regarding reimbursable costs, as well as required documentation. To the extent that providers of these services are counties, townships or municipal corporations, and these providers choose to become more diligent and expend more time and effort with regard to billing and documentation, additional personnel costs may be incurred. However, the Department cannot provide an estimate of the impact on providers as it is provider-specific and depends on current business practices.

(b) New Equipment or Other Capital Costs

The changes in this rule will reduce Medicaid reimbursement to providers. To the extent that this reduction in reimbursement is a cost of compliance, and to the extent that providers of these services are counties, townships or municipal corporations, providers will receive less revenue that can be used to cover new equipment or other capital costs when they bill for the affected services. Providers may also experience a reduction in reimbursement from managed care plans. The Department cannot provide an estimate of the impact in reimbursement, because the amount of the reduction will vary from provider to provider, depending on their business model and the frequency at

which they bill the reduced codes.

In addition to the reductions in reimbursement, the Department has added clarifying language regarding reimbursable costs, as well as required documentation. To the extent that providers of these services are counties, townships or municipal corporations, and these providers choose to become more diligent and expend more time and effort with regard to billing and documentation, additional equipment/capital costs may be incurred. However, the Department cannot provide an estimate of the impact on providers as it is provider-specific and depends on current business practices.

(c) Operating Costs

The changes in this rule will reduce Medicaid reimbursement to providers. To the extent that this reduction in reimbursement is a cost of compliance, and to the extent that providers of these services are counties, townships or municipal corporations, providers will receive less revenue that can be used to cover operating costs when they bill for the affected services. Providers may also experience a reduction in reimbursement from managed care plans. The Department cannot provide an estimate of the impact in reimbursement, because the amount of the reduction will vary from provider to provider, depending on their business model and the frequency at which they bill the reduced codes.

In addition to the reductions in reimbursement, the Department has added clarifying language regarding reimbursable costs, as well as required documentation. To the extent that providers of these services are counties, townships or municipal corporations, and these providers choose to become more diligent and expend more time and effort with regard to billing and documentation, additional operating costs may be incurred. However, the Department cannot provide an estimate of the impact on providers as it is provider-specific and depends on current business practices.

(d) Any Indirect Central Service Costs

The changes in this rule will reduce Medicaid reimbursement to providers. To the extent that this reduction in reimbursement is a cost of compliance, and to the extent that providers of these services are counties, townships or municipal corporations, providers will receive less revenue that can be used to cover indirect central service costs when they bill for the affected services. Providers may also experience a reduction in reimbursement from managed care plans. The Department cannot provide an estimate of the impact in reimbursement, because the amount of the reduction will vary from provider

to provider, depending on their business model and the frequency at which they bill the reduced codes.

In addition to the reductions in reimbursement, the Department has added clarifying language regarding reimbursable costs, as well as required documentation. To the extent that providers of these services are counties, townships or municipal corporations, and these providers choose to become more diligent and expend more time and effort with regard to billing and documentation, additional indirect costs may be incurred. However, the Department cannot provide an estimate of the impact on providers as it is provider-specific and depends on current business practices.

(e) Other Costs

The changes in this rule will reduce Medicaid reimbursement to providers. To the extent that this reduction in reimbursement is a cost of compliance, and to the extent that providers of these services are counties, townships or municipal corporations, providers will receive less revenue that can be used to cover other costs when they bill for the affected services. Providers may also experience a reduction in reimbursement from managed care plans. The Department cannot provide an estimate of the impact in reimbursement, because the amount of the reduction will vary from provider to provider, depending on their business model and the frequency at which they bill the reduced codes.

In addition to the reductions in reimbursement, the Department has added clarifying language regarding reimbursable costs, as well as required documentation. To the extent that providers of these services are counties, townships or municipal corporations, and these providers choose to become more diligent and expend more time and effort with regard to billing and documentation, additional other costs may be incurred. However, the Department cannot provide an estimate of the impact on providers as it is provider-specific and depends on current business practices.

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.

The changes in this rule will reduce Medicaid reimbursement to providers. To the extent that a reduction in Medicaid reimbursement imposes new requirements, and to the extent that providers of these services are counties, townships or municipal corporations, providers will receive less money as Medicaid reimbursement when

they bill for the affected services. Providers may also experience a reduction in reimbursement from managed care plans. The Department cannot provide an estimate of the impact in reimbursement, because the amount of the reduction will vary from provider to provider, depending on their business model and the frequency at which they bill the reduced codes.

In addition to the reductions in reimbursement, the Department has added clarifying language regarding reimbursable costs, as well as required documentation. To the extent that providers of these services are counties, townships or municipal corporations, and these providers choose to become more diligent and expend more time and effort with regard to billing and documentation, additional costs may be incurred by the providers. Because this added language reflects existing policy, these costs are included in the Department's reimbursement amount.

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

These rule amendments reduce reimbursement to various providers of services and thus could result in a reduction in Medicaid reimbursement received in a county, township or municipal corporation. Providers may also experience a reduction in reimbursement from managed care plans. The amount of the reduction will vary by county, township or municipal corporation. Therefore, the Department cannot estimate the effect of these proposed rule amendments on economic development.

In addition to the reductions in reimbursement, the Department has added clarifying language regarding reimbursable costs and required documentation. The extent to which these clarifications increase costs for providers will vary by county, township and municipal corporation. Therefore, the Department cannot estimate the effect of these proposed rule amendments on economic development.