

**Rule Summary and Fiscal Analysis (Part A)****Department of Job and Family Services**

Agency Name

**Division of Medical Assistance**

Division

**Mike Lynch**

Contact

**30 E. Broad St., 31st Floor ODJFS, Office of Legal Services Columbus OH 43215-3414**

Agency Mailing Address (Plus Zip)

**614-466-4605**

Phone

**614-752-8298**

Fax

**Michael.Lynch@jfs.ohio.gov**

Email

**5101:3-10-06**

Rule Number

**AMENDMENT**

TYPE of rule filing

Rule Title/Tag Line

**Prior authorization.****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**

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

This rule is being proposed for five-year rule review and for amendment to incorporate policy changes associated with the dispensing of Durable Medical Equipment (DME) and the prior authorization of these services for the Ohio Medicaid program in order to provide additional information to providers of these services.

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 general provisions for DME providers who dispense medical equipment to Ohio Medicaid consumers and provides program instructions for the prior authorization of these services. Updated the rule body of this rule to remove references to an obsolete form in paragraph (A)(1). Added to this rule a reference to a new Certificate of Medical Necessity (CMN) form for providers to utilize to request prior authorization of medical supplies to be dispensed at quantities which exceed the maximum allowable, and a requirement for a written prescription for medical supplier services.

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. If applicable, indicate each specific paragraph of the rule that has been modified:

*Not Applicable.*

12. 119.032 Rule Review Date: 1/13/2012

(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:

The department 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 provider's current administrative costs, the overall impact on providers cannot be determined by the department at this time.

The department also estimates that the administrative costs to providers will lessen because there will no longer be a need to use the obsolete form. These savings are

provider specific and dependent on any particular provider's current administrative costs and cannot be determined by the department at this time.

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**

**S.B. 2 (129th General Assembly) Questions**

18. Has this rule been filed with the Common Sense Initiative Office pursuant to R.C. 121.82? **No**

19. Specific to this rule, answer the following:

A.) Does this rule require a license, permit, or any other prior authorization to engage in or operate a line of business? **No**

B.) Does this rule impose a criminal penalty, a civil penalty, or another sanction, or create a cause of action, for failure to comply with its terms? **No**

C.) Does this rule require specific expenditures or the report of information as a condition of compliance? **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.

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.

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. The comprehensive cost estimates are addressed below.

**(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.

**(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.

**(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.

(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, however, because providers are experienced at navigating the prior authorization process.

(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.

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 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.

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

Some of the providers that will be impacted by this rule are owned by government entities other than the state. We cannot determine how revenues from these government owned providers impact the revenues or operations of the government entity that owns them, but we anticipate the changes made by this rule will have no discernible impact on economic development.