

**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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**5101:3-2-09**

Rule Number

**AMENDMENT**

TYPE of rule filing

Rule Title/Tag Line

**Payment policies for disproportionate share and indigent care adjustments for hospital 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? **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, 5112.03**

5. Statute(s) the rule, as filed, amplifies or implements: **5111.01, 5111.02, 5112.01 to 5112.21**

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

This rule is being proposed to provide routine updated distribution formula for the 2005 hospital care assurance program.

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 the conditions, requirements, operation, and distribution formula for the hospital care assurance program. The amendment updates the distribution formula to reflect changes in the provision of indigent care in accordance with federal and state law.

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 an ODJFS form or forms. Each cited ODJFS form 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).

- This rule incorporates one or more reference to a federal form. Each cited form is generally available to person affected by this rule via the Centers for Medicare and Medicaid service web site (<http://cms.hhs.gov/>).

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:

For the first revision of this rule, the rule was revised to correct the statutory authority, specifically, changing 5112.02 to 5111.02.

For the second revision of this rule, the rule is being revised to change the multiplication factor in paragraph (I)(3) to 41%. This change is due to data changes received from twenty-three Ohio hospitals.

12. 119.032 Rule Review Date: **4/29/2005**

(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.

\$547.7 million

Federal funding for DSH (approx. \$327.3 million) this year remains flat at 2004 levels. The state share of this expenditure is funded through assesment to Ohio hospitals referenced in rule 5101:3-2-08.1.

The department estimates that this will increase total program expenditures by approx. \$547.7 million for FFY 2005 due to the shift in total matching funds. However, this amount decreases by approx. \$4.8 million from FFY 2004 levels.

The impact for this rule remains unchanged by data changes to the assessment rate.

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

600-650 and 600-649

Expenditures include disproportionate share payments to Ohio hospitals. State share funds come from line item 600-649, federal funds come from line item 600-650.

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:

This rule will provide Ohio hospitals with approximately \$547.7 million in disproportionate share funding.

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
<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.

There is no cost of compliance for school districts, counties, townships or municipal corporations. However, we indicated "yes" due to the fact that some of the hospitals that will be impacted by this rule are owned by government entities other than the state. However, we are uncertain as to how revenues from these government owned hospitals impacts the revenues or operations of the government entity that owns them.

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.

See above explanation.

(a) Personnel Costs

NA

(b) New Equipment or Other Capital Costs

NA

(c) Operating Costs

NA

(d) Any Indirect Central Service Costs

NA

(e) Other Costs

NA

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.

See above.

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

See above.