

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

Agency Name

**Division of Medical Assistance**

Division

**Nancy Van Kirk**

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

**5101:3-2-21**

Rule Number

**AMENDMENT**

TYPE of rule filing

Rule Title/Tag Line

**Policies for outpatient hospital services.****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: **5111.02, 5111.021**

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

This rule is being proposed for amendment to announce the adoption of 2007 Healthcare Common Procedural Coding System (HCPCS) and 2007 Current Procedural Terminology codes effective January 1, 2007 in order to maintain consistency with industry standards, which the department is required to do under the Health Insurance Portability and Accountability Act (HIPAA). This rule replaces emergency rules which were effective on December 29, 2006. This rule is also proposed for amendment to update revenue center codes, vaccine procedure codes, and other procedure codes that are now appropriate for outpatient hospital use.

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:

The rule describes the outpatient policies and payment rates for hospitals that are subject to diagnostic related group (DRG) prospective payment. This rule is being amended to add the new 2007 Healthcare Common Procedural Coding System (HCPCS) codes and delete obsolete HCPCS codes, update the existing Current Procedural Technology (CPT) codes that are for outpatient use which includes adding procedure codes that were previously recognized as inpatient only, remove revenue codes in Appendix B which require HCPCS codes when billing, and update the vaccine procedure codes in Appendix F.

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 RC 121.71 to 121.74 pursuant to RC 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:

*Not Applicable.*

12. 119.032 Rule Review Date: **1/1/2010**

(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

This proposed rule will not change the agency's projected budget during the current biennium.

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:

Every year the Healthcare Common Procedural Coding System (HCPCS) is updated with new and deleted codes. Hospitals are required to use this coding system when billing for outpatient services. In order to comply with this rule, hospitals are required to use the updated billing codes and may incur costs associated with updating billing software. Due to providers using different software packages to create invoices, we are unable to provide an estimate cost to providers. The cost described is not a new cost and would be required by all payers, not just Medicaid. In addition, hospital reimbursement rates were developed to include administrative costs such as these. This rule maintains current practice of providers updating their billing systems on an annual basis so there should be no new costs to the providers.

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.

Every year the Healthcare Common Procedural Coding System (HCPCS) is updated with new and deleted codes. Hospitals are required to use this coding system when billing for outpatient services. In order to comply with this rule, hospitals are required to use the updated billing codes and may incur costs associated with updating billing software. Due to providers using different software packages to create invoices, we are unable to provide an estimate cost to providers. The cost described is not a new cost and would be required by all payers, not just Medicaid. In addition, hospital reimbursement rates were developed to include administrative costs such as these.

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.

Our estimate is based upon the assumption that providers will incur expenses relating to updating the billing software. The amount of costs incurred will be directly proportionate to the number of codes being added or deleted, the amount of time required to implement the software changes, and staffing needed for project.

(a) Personnel Costs

The costs will vary depending on the number of codes being added or deleted, and if staff will be required to implement the changes. Personnel costs could include additional staffing hours needed.

(b) New Equipment or Other Capital Costs

If the provider should chose to have the billing software company implement the changes, the costs will vary depending on the hospital's vendor providing the service and the number of coding changes required.

(c) Operating Costs

The costs will vary depending on the timing of when the hospital would have the changes implemented. If the updates are completed during business hours, billing staff may not have access to software during this time.

(d) Any Indirect Central Service Costs

If the hospital is not timely when implementing the changes, and is not ready for the 1/1/07 effective date, hospitals may be delayed in billing until the changes would be completed. This could possibly change the cash flow of the hospital, with payments coming in later than projected.

(e) Other Costs

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.

Given the process for implementing new and deleting codes is not new, hospitals should already be equipped and staffed to comply with this rule. The costs described are not new costs, as the process for updating HCPCS codes has been in place for a number of years. The cost incurred may vary from year to year,

depending how providers chose to implement the changes, but the changes are expected every year.

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

Not Applicable.