

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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5101:3-2-21

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? **Yes**

2. Are you proposing this rule as a result of recent legislation? **Yes**

Bill Number: **HB1**General Assembly: **128**Sponsor: **Rep. 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 309.30.73 of Am. Sub. H.B. 1, of the 128th GA**

5. Statute(s) the rule, as filed, amplifies or implements: **5111.02, 5111.021, Section 309.30.73 of Am. Sub. H.B. 1, of the 128th GA**

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

The rule is being amended to increase the rate the department pays for certain outpatient surgical services and emergency room visits provided under the Medicaid program, required by Section 309.30.73 of Am. Sub. H.B. 1 of the 128th General Assembly for services occurring from October 1, 2009 through June 30, 2011. The rule is also being amended for the five year review and to change other

outpatient pricing methodology.

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 diagnosis related group (DRG) prospective payment. The rule is being amended to 1) implement the outpatient hospital rate increase required by Section 309.30.73 of Am. Sub. H.B. 1 of the 128th General Assembly; 2) implement new pricing logic for unlisted surgery procedure codes, independently billed medical supplies and pharmacy, and add revenue center code 0636; 3) update text within the rule to add national drug code requirements, and delete language pertaining to prior service dates; 4) increase reimbursement for all immunizations covered under the Vaccines for Children (VFC) program to ten dollars for individuals eighteen years of age or younger; and 5) update the following appendices/ fee schedules - Appendix B, C, D, E, 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 (OAC). 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:

10/23/2009

The rule is being revised filed to 1) remove the new pricing logic for unlisted surgery procedure codes, and independently billed medical supplies and pharmacy; 2) remove language from the rule that required national drug coding (NDC) when billing pharmaceuticals using HCPCS codes; 3) to update language in the rule to reference appendix H for laboratory reimbursement; 4) add a laboratory service fee schedule, appendix H; and 5) update fee schedule/ appendix G.

Rule Summary and Fiscal Analysis (RSFA), Part A, is being updated to remove the following statement from question 15: The realignment of pricing changes will have no net fiscal impact on the industry; however, individual hospitals may experience varying impacts based on the type and volume of individual procedure codes billed.

Rule Summary and Fiscal Analysis (RSFA), Part B, is being updated to remove the following statement from questions 2, 5, and 6: The realignment of pricing changes will have no net fiscal impact on the industry; however, individual hospitals may experience varying impacts based on the type and volume of individual procedure codes billed.

12. 119.032 Rule Review Date: **9/18/2009**

(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 increase expenditures.

33,370,000.00

This rule will result in expenditures totaling \$12.62 million in SFY 2010, and \$20.75 million in SFY 2011. These expenditures are appropriated in Am. Sub. HB 1, 128th General Assembly.

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

ALI 600-525

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 affects the reimbursement to hospital providers that are subject to prospective payment. As this rule does not impose any new requirements upon the hospitals there should not be any increase in the cost of compliance to hospitals due to the provisions of this rule. The department estimates that the 5 percent rate increase would result in \$19.3 million annualized increase in revenues to hospitals.

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.

There is no cost of compliance for counties or municipal corporations as this rule does not place any requirements on them. However, we have 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. We are uncertain as to how revenues from these government owned hospitals impact 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.

There is no cost of compliance for counties or municipal corporations as this rule does not place any requirements on them. However, we have 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.

(a) Personnel Costs

See above

(b) New Equipment or Other Capital Costs

See above

(c) Operating Costs

See above

(d) Any Indirect Central Service Costs

See above

(e) Other Costs

See above

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.

There is no cost to counties, townships or municipal corporations as this rule does not place any requirements on them. However, we have indicated "yes" due to the fact the some of the hospitals that will be impacted by the this rule are owned by government entities other than the state. We are uncertain as to how revenues from these government owned hospitals impact the revenues or operations of the government entity that owns them.

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

5101:3-2-21, Policies for outpatient hospital services, sets forth the outpatient payment rates and policies for hospitals that are subject to DRG prospective payment. Since this rule provides additional funding to all hospitals, including hospitals owned by governmental entities other than the state, it could have a positive impact on economic development.