

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

Agency Name

Division of Medical Assistance

Division

Mike Lynch

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5101:3-30-04

Rule Number

AMENDMENT

TYPE of rule filing

Rule Title/Tag Line

Reimbursement and rate setting for community medicaid alcohol and other drug 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**

5. Statute(s) the rule, as filed, amplifies or implements: **5111.01, 5111.02, 3793.06, 3793.11**

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

This rule is being proposed for amendment in order to implement a fee schedule payment methodology for Medicaid covered community alcohol and other drug treatment 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 describes the payment methodology for Medicaid covered community alcohol and other drug treatment services. The following changes are being proposed: 1)removal of the language describing the method and standard for establishing a provider's service specific prospective cost-based unit rate, 2)removal of the service rate ceilings, 3)addition of the fee schedule as Appendix A, and 4) additional language referencing state and federal utilization review requirements.

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).

This rule incorporates one or more dated references to the Code of Federal Regulations (CFR). This question is not applicable to any dated incorporation by reference to the CFR because such reference is exempt from compliance with RC 121.71 to 121.74 in accordance with RC 121.75(D).

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: 7/20/2010

(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

The proposed rule will have no impact on Ohio Department of Job and Family Services (ODJFS) projected budget during the current biennium. However, ODJFS estimates there may be an increase of up to \$5.6 million in federal reimbursement funds passed through to the Ohio Department of Alcohol and Drug Addiction Services (ODADAS) in SFY 2011.

This estimate was calculated by applying the rates proposed in this rule to all Medicaid paid alcohol and other drug (AoD) treatment service claims paid in SFY 2010 in order to calculate the percentage increase that would result from the proposed reimbursement methodology change. This resulted in a estimated percentage increase of 8.98% which was then applied to the baseline Medicaid projections for SFY 2011 in order to calculate the fiscal impact of implementing this methodology change. This fiscal impact analysis also incorporates the assumption that all providers of AoD treatment services would charge for services at rates either equal to or greater than the proposed rates upon implementation on October 4, 2010.

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

ODJFS Interagency reimbursement appropriations, ALI 600-655.

ODADAS Federal Special Revenue Fund Group, 3J8 ALI 038-610.

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:

Ohio Department of Job and Family Services (ODJFS) projects there will be a cost to the Alcohol, Drug Addiction and Mental Health Services (ADAMHS) and Alcohol and Drug Addiction Services (ADAS)Boards, and Ohio Department of Alcohol and Drug Addiction Services (ODADAS) in complying with this rule. ODJFS estimates that ADAMHS and ADAS boards and ODADAS may experience a cost of up to \$2.4 million related to payments for community Medicaid alcohol and other drug treatment services in SFY 2011, representing a projected cost increase of approximately 8.98%.

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	No	No

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.

ODJFS projects there will be a cost to the Alcohol, Drug Addiction and Mental Health Services (ADAMHS) and Alcohol and Drug Addiction Services (ADAS) Boards, and Ohio Department of Alcohol and Drug Addiction Services (ODADAS) in complying with this rule. ODJFS estimates that ADAMHS and ADAS Boards and ODADAS may experience a cost of up to \$2.4 million related to payments for community Medicaid alcohol and other drug treatment services in SFY 2011, representing a projected increase of approximately 8.98%.

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.

ODJFS projects there will be a cost to the ADAMHS and ADAS Boards and ODADAS in complying with this rule. ODJFS estimates that ADAMHS and

ADAS Boards and ODADAS may experience a cost of up to \$2.4 million related to payments for community Medicaid alcohol and other drug treatment services in SFY 2011, representing a projected increase of approximately 8.98%. This cost estimate also incorporates the assumption that all providers of AoD treatment services would charge for services at rates either equal to or greater than the proposed rates upon implementation on October 4, 2010.

The \$2.4 million estimate was calculated by applying the rates proposed in this rule to all Medicaid paid alcohol and other drug (AoD) treatment service claims paid in SFY 2010 in order to calculate the percentage increase that would result from the proposed reimbursement methodology change. This resulted in a estimated percentage increase of 8.98% which was then applied to the baseline Medicaid projections for SFY 2011 in order to calculate the fiscal impact of implementing this methodology change.

(a) Personnel Costs

Not applicable.

(b) New Equipment or Other Capital Costs

Not applicable.

(c) Operating Costs

Not applicable.

(d) Any Indirect Central Service Costs

Not applicable.

(e) Other Costs

Not applicable.

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.

In accordance with Ohio Revised Code (ORC) 5111.913, the department of alcohol and drug addiction services and boards of alcohol, drug addiction and mental health

services shall pay the non-federal share of any Medicaid payment to a provider of community Medicaid alcohol and other drug treatment services. Sources of funding include state fund allocations from ODADAS to boards and other non-federal funds boards administer at the local level (such as local levy funds). The proposed rule modifies the methodology for determining maximum payment rates for community Medicaid alcohol and other drug treatment services under this authority.

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

The change in reimbursement methodology as proposed in this rule will support economic development at the state and county level by affording community-based alcohol and other drug treatment programs the opportunity to increase service delivery and administrative efficiencies and creating opportunities for them to make internal investments in areas such as workforce, health care technology, information technology infrastructure and capital projects.