

**Rule Summary and Fiscal Analysis (Part A)****Ohio Department of Medicaid**

Agency Name

Division

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**5160-11-09**

Rule Number

**AMENDMENT**

TYPE of rule filing

Rule Title/Tag Line

**Laboratory-related services: claim payment.****RULE SUMMARY**

1. Is the rule being filed for five year review (FYR)? **Yes**
2. Are you proposing this rule as a result of recent legislation? **Yes**  
Bill Number: **49**      General Assembly: **132**      Sponsor: **Rep. Ryan Smith**
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: **5164.02**
5. Statute(s) the rule, as filed, amplifies or implements: **5164.02**
6. State the reason(s) for proposing (i.e., why are you filing,) this rule:

This rule is being proposed for amendment to incorporate a budget provision contained in Am. Sub. H.B. 49 of the 132nd General Assembly.

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 payment policies for Laboratory related services. Proposed amendments to this rule will reduce Medicaid payment for clinical laboratory, molecular pathology, and pathology services by five percent beginning on the effective date of this rule. Medicaid payment for these services will also be reduced to seventy-five percent of the applicable Medicare allowed amount.

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

*Not Applicable.*

12. Five Year Review (FYR) Date: **10/12/2017**

(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 decrease expenditures.

\$70,798,000.00

The proposed changes in payment, which are reflected in this rule, will decrease expenditures by an estimated \$70.8 million over the remainder of the biennium.

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

651-525

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:

The amendments to this rule will reduce Medicaid payment for clinical laboratory, molecular pathology, and pathology services. To the extent this reduction in payment is a cost of compliance, providers of these services will have a cost of compliance when claims for these services are submitted for Medicaid payment. The Department cannot provide an estimate of the cost of compliance because the amount of the reduction in payment will vary from provider to provider, depending on their business model and frequency of claims submission for these services.

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.

The amendments to this rule will reduce Medicaid payment for clinical laboratory, molecular pathology, and pathology services. To the extent this reduction in payment is a cost of compliance, providers of these services will have a cost of compliance when claims for these services are submitted for Medicaid payment. The Department cannot provide an estimate of the cost of compliance because the amount of the reduction in payment will vary from provider to provider, depending on their business model and frequency of claims submission for these services.

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.

Providers of clinical laboratory, molecular pathology, and pathology services will receive a reduction in Medicaid payment for the services provided.

**(a) Personnel Costs**

The department does not expect that the proposed rule will result in any increase in personnel costs to Medicaid providers.

**(b) New Equipment or Other Capital Costs**

The department does not expect that the proposed rule will result in any increase in new equipment or other capital costs to Medicaid providers.

(c) Operating Costs

The department does not expect that the proposed rule will result in any increase in operating costs to Medicaid providers.

(d) Any Indirect Central Service Costs

The department does not expect that the proposed rule will result in any increase in any indirect central services costs to Medicaid providers.

(e) Other Costs

The amendments to this rule will reduce Medicaid payment for clinical laboratory, molecular pathology, and pathology services when claims for these services are submitted for Medicaid payment. The Department cannot provide an estimate for these "other costs" since the reduction in Medicaid payments will vary from provider to provider, depending on their business model and frequency of claims submission for these services.

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.

Incorporation of the proposed new reduced rates into the department's claim processing system is part of the administration of the Medicaid program; it entails no significant new costs for the department. None of the proposed rate reductions requires a provider to modify its business practices; therefore, no implementation cost is anticipated for any local government or political subdivision.

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

The proposed decrease in Medicaid rates for these services will have a minimal impact on economic development.