

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

Agency Name

Division

Tommi Potter

Contact

50 Town St 4th floor Columbus OH 43218-2709

Agency Mailing Address (Plus Zip)

614-752-3877

Phone

Fax

tommi.potter@medicaid.ohio.gov

Email

5160-2-21

Rule Number

AMENDMENT

TYPE of rule filing

Rule Title/Tag Line

Policies for outpatient hospital services.**RULE SUMMARY**

1. Is the rule being filed for five year review (FYR)? **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: **5164.02**
5. Statute(s) the rule, as filed, amplifies or implements: **5164.02, 5164.70**
6. State the reason(s) for proposing (i.e., why are you filing,) this rule:

The federal Centers for Medicare and Medicaid Services, in conjunction with the American Medical Association and other professional groups, updates the Healthcare Common Procedure Coding System (HCPCS) annually. To the extent that HCPCS codes or descriptions are incorporated into the Ohio Administrative Code (OAC) governing the Medicaid program, changes made to HCPCS necessitate corresponding changes in OAC rules.
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 provides the reimbursement policies for services provided in an outpatient hospital setting. In the appendices to this rule, new covered HCPCS codes are added, obsolete HCPCS codes are removed, and the fee schedules associated with the codes are updated. Language in paragraph (B)(4) updates the referral of revenue center codes from Appendix A in rule 5160-2-02 to Appendix I of the Department's Hospital Billing Guidelines. New paragraph (B)(3)(b) contains language regarding setting the initial maximum payment amount for new CPT codes at seventy-six percent of the Medicare allowed amount but is not to exceed the Medicaid allowed amount of similar procedure codes effective for dates of service on or after January 1, 2016. Procedure codes were removed from Appendix C as they were deemed inpatient only by the Centers for Medicare and Medicaid Services (CMS). Grammatical and spelling errors were corrected, outdated information was removed, clarifying language was added and a paragraph regarding comprehensive vision exams was moved for improved readability.

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

Not Applicable.

12. Five Year Review (FYR) Date: **2/13/2015**

(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

The proposed rule will have no impact on the agency 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:

Changes to the appendix of this rule include the addition of new Healthcare Common Procedure Coding System (HCPCS) codes, the discontinuation of obsolete HCPCS codes, and the updating of the fee schedules associated with the codes. HCPCS is a standardized coding system that must be used by both providers of medical services and payers for medical services -- such as Medicare, Medicaid,

and private insurance carriers -- to ensure compliance with the Health Insurance Portability and Accountability Act (HIPAA). This coding system is updated at least once a year, and often quarterly, by the Centers for Medicare and Medicaid Services (CMS) and the American Medical Association (AMA). These updates must be reflected in Ohio Department of Medicaid (ODM) rules, and providers of medical services must use updated codes in order to maintain their compliance with HIPAA. Any costs incurred by providers in connection with HCPCS updates would result from the HIPAA mandate and not from any requirement imposed by ODM. Indeed, ODM expects that Medicaid providers routinely incorporate HCPCS updates as part of their standard business practices.

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
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.

To the extent that it is also a county, township, or municipal corporation, a Medicaid provider could be affected by the proposed rule.

Changes to the appendix of this rule include the addition of new Healthcare Common Procedure Coding System (HCPCS) codes, the discontinuation of obsolete HCPCS codes, and the updating of the fee schedules associated with the codes. HCPCS is a standardized coding system that must be used by both providers of medical services and payers for medical services -- such as Medicare, Medicaid, and private insurance carriers -- to ensure compliance with the Health Insurance Portability and Accountability Act (HIPAA). This coding system is updated at least once a year, and often quarterly, by the Centers for Medicare and Medicaid Services (CMS) and the American Medical Association (AMA). These updates must be reflected in Ohio Department of Medicaid (ODM) rules, and providers of medical services must use updated codes in order to maintain their compliance with HIPAA. Any costs incurred by providers in connection with HCPCS updates would result from the HIPAA mandate and not from any requirement imposed by ODM. Indeed, ODM expects that Medicaid providers routinely incorporate HCPCS updates as part of their standard business practices.

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 may be costs of compliance associated with the policy changes discussed above. These are not new costs of compliance and ODM does not expect that the proposed rule will result in any increase in cost. The comprehensive cost estimates are provided below.

(a) Personnel Costs

To the extent that a Medicaid provider is also a county, township, or municipal corporation, there may be an impact on personnel costs; however, ODM is unable to determine the impact. Each year, the HCPCS coding system is updated with new and deleted codes. When these updates occur, ODM must use the updated codes in its rules, and providers of medical services must use the updated codes in order to maintain their compliance with HIPAA. Providers may incur personnel costs associated with updating billing software to incorporate the changes in codes. The fiscal impact of this proposed rule will be provider-specific and based on each provider's current business model for service delivery. Thus, ODM cannot quantify the fiscal impact.

(b) New Equipment or Other Capital Costs

To the extent that a Medicaid provider is also a county, township, or municipal corporation, there may be an impact on new equipment or other capital costs; however, ODM is unable to determine the impact. Each year, the HCPCS coding system is updated with new and deleted codes. When these updates occur, ODM must use the updated codes in its rules, and providers of medical services must use the updated codes in order to maintain their compliance with HIPAA. Providers may incur new equipment or other capital costs associated with updating billing software to incorporate the changes in codes. The fiscal impact of this proposed rule will be provider-specific and based on each provider's current business model for service delivery. Thus, ODM cannot quantify the fiscal impact.

(c) Operating Costs

To the extent that a Medicaid provider is also a county, township, or municipal corporation, there may be an impact on operating costs; however, ODM is unable to determine the impact. Each year, the HCPCS coding system is updated with new and deleted codes. When these updates occur, ODM must use the updated codes in its rules, and providers of medical services must use the updated codes in order to maintain their compliance with HIPAA. Providers may incur operating costs associated with updating billing software to incorporate the changes in codes. The fiscal impact of this proposed rule will be provider-specific and based on each provider's current business model for service delivery. Thus, ODM cannot quantify the fiscal impact.

(d) Any Indirect Central Service Costs

To the extent that a Medicaid provider is also a county, township, or municipal corporation, there may be an impact on indirect central service costs; however, ODM is unable to determine the impact. Each year, the HCPCS coding system is updated with new and deleted codes. When these updates occur, ODM must use the updated codes in its rules, and providers of medical services must use the updated codes in order to maintain their compliance with HIPAA. Providers may incur indirect central service costs associated with updating billing software to incorporate the changes in codes. The fiscal impact of this proposed rule will be provider-specific and based on each provider's current business model for service delivery. Thus, ODM cannot quantify the fiscal impact.

(e) Other Costs

To the extent that a Medicaid provider is also a county, township, or municipal corporation, there may be an impact on other costs; however, ODM is unable to determine the impact. Each year, the HCPCS coding system is updated with new and deleted codes. When these updates occur, ODM must use the updated codes in its rules, and providers of medical services must use the updated codes in order to maintain their compliance with HIPAA. Providers may incur other costs associated with updating billing software to incorporate the changes in codes. The fiscal impact of this proposed rule will be provider-specific and based on each provider's current business model for service delivery. Thus, ODM cannot quantify the fiscal impact.

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 fee structure changes 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 changes in the proposed rule 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.

There is no discernible impact on economic development as a result of this proposed rule.