

## Rule Summary and Fiscal Analysis

### Part A - General Questions

**Rule Number:** 5160-2-65  
**Rule Type:** Amendment  
**Rule Title/Tagline:** Inpatient hospital reimbursement.  
**Agency Name:** Ohio Department of Medicaid  
**Division:**  
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#### I. Rule Summary

1. **Is this a five year rule review?** No
  - A. **What is the rule's five year review date?** 7/6/2022
2. **Is this rule the result of recent legislation?** No
3. **What statute is this rule being promulgated under?** 119.03
4. **What statute(s) grant rule writing authority?** 5164.02
5. **What statute(s) does the rule implement or amplify?** 5164.02, 5164.70
6. **What are the reasons for proposing the rule?**

This rule is being proposed for amendment to update the reimbursement methodology for inpatient hospital services for discharges on or after the effective date of this rule. The proposed amendments to this rule are intended to continue the reform and modernization of the inpatient hospital reimbursement methodology.

7. **Summarize the rule's content, and if this is an amended rule, also summarize the rule's changes.**

This rule sets forth the Medicaid inpatient hospital reimbursement methodology for hospitals subject to prospective payment. The proposed rule updates the

relative weights that will be used to reimburse hospitals for inpatient services utilizing updated cost report data and data from claims that have been submitted since the implementation of the "International Classification of Diseases, 10th Revision" (ICD-10) code sets. The formula used to calculate inpatient payments will not change. Paragraph (F) is being amended to separate the inputs in the payment formula into two subparagraphs. Subparagraph (F)(1) will describe the data inputs used in the formulation of hospital base rates. The hospital base rates used in the inpatient payment calculation will not change. Subparagraph (F)(2) is being amended to describe the data inputs used in the determination of relative weights. The relative weights used in the inpatient payment calculation will be amended as a result of updated claims data and cost report data used in the relative weights determination. Additionally, the inflation factors used to apply an inflationary value to the total cost computed for each case will be inflated to December 31, 2018.

Paragraph (H) of this rule is being amended to include the psychiatric DRGs 750-759 in the relative weight computation. Paragraph (N) of this rule is being amended to remove the adjustment to the relative weights that was put in place to adjust for the excessive case-mix caused by the implementation of ICD-10, as all of the claims used in the data set for the relative weights determination incorporate ICD-10 coding. Additionally, the relative weight adjustment for Long Term Reversible Contraceptives (LARCs) is being adjusted to three and eight hundredths percent from three and thirteen hundredths percent. These changes will be effective for inpatient hospital discharges on or after the effective date of this rule.

8. **Does the rule incorporate material by reference? Yes**
9. **If the rule incorporates material by reference and the agency claims the material is exempt pursuant to R.C. 121.71 to 121.76, please explain the basis for the exemption and how an individual can find the referenced material.**

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 the OAC because such reference is exempt from compliance with RC 121.71 to 121.74 pursuant to RC 121.76(A)(3).
10. **If revising or re-filing the rule, please indicate the changes made in the revised or re-filed version of the rule.**

*Not Applicable*

## II. Fiscal Analysis

- 11. As a result of this proposed rule, please estimate the increase / decrease in revenues or expenditures affecting this agency, or the state generally, in the current biennium or future years. If the proposed rule is likely to have a different fiscal effect in future years, please describe the expected difference and operation.**

This will decrease expenditures.

\$35,353,946

This rule amendment will decrease expenditures by an estimated \$35,353,946 during State Fiscal Year 2019.

- 12. What are the estimated costs of compliance for all persons and/or organizations directly affected by the rule?**

This rule imposes no new requirements on hospitals that would result in unplanned expenditures, therefore there is no estimated cost of compliance.

- 13. Does the rule increase local government costs? (If yes, you must complete an RSFA Part B). No**
- 14. Does the rule regulate environmental protection? (If yes, you must complete an RSFA Part C). No**

### **III. Common Sense Initiative (CSI) Questions**

- 15. Was this rule filed with the Common Sense Initiative Office? No**
- 16. Does this rule have an adverse impact on business? No**
- 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**