

## Rule Summary and Fiscal Analysis

### Part A - General Questions

**Rule Number:** 5160-2-69

**Rule Type:** New

**Rule Title/Tagline:** Adjustments to payments for hospital services.

**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?
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
6. What are the reasons for proposing the rule?

This rule is being proposed to reduce the payments for hospital services. The rate reductions are intended to help balance state resources among competing demands while continuing to assure access to quality hospital care to Medicaid individuals in Ohio.

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

Rule 5160-2-69, entitled "Adjustments to payments for hospital services", is being proposed for adoption. The proposed rule provides that payments for hospital services

will be reduced. The rate reductions are intended to help balance state resources among competing demands while continuing to assure access to quality hospital care to Medicaid individuals in Ohio. The reductions will apply to hospital services that are both included and excluded from prospective payment. They shall be applied as follows:

- the reduction shall be five percent for hospital-specific base rates and flat payment rates expressed as dollars;
- the reduction shall be five percentage points for inpatient payment rates expressed as a percentage; and
- the reduction shall be five percent for outpatient payment rates expressed as a percentage.

The reductions shall be applied specifically to the following:

- the prospective cost-to-charge ratios for non- diagnosis related group (non-DRG) reimbursed services;
- the hospital base rates for inpatient services;
- the outlier payment percentage for inpatient services;
- the capital cost percentage for inpatient services;
- the medical education allowance payments for inpatient services;
- the hospital specific base rates for outpatient services;
- the flat payment amounts for outpatient observation and dental services; and
- the percent multiplier for certain outpatient pharmaceuticals and supplies.

Services that will be performed in ambulatory surgical centers (ASC)'s shall not be affected by this adjustment. These adjustments to payments shall be effective for inpatient services with a date of discharge on or after the effective date of this rule and outpatient services provided on or after the effective date of this rule.

8. **Does the rule incorporate material by reference? No**
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.**

*Not Applicable*

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.

\$417.8 million

The proposed rule will reduce expenditures by an estimated \$134 million for the current State Fiscal Year (SFY) 2018. The proposed rule will also reduce expenditures by an estimated \$283.8 million for SFY 2019, resulting in an estimated total reduction of \$417.8 million for the current biennium.

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

There is no 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**