

## Rule Summary and Fiscal Analysis

### Part A - General Questions

**Rule Number:** 5160-2-75

**Rule Type:** Amendment

**Rule Title/Tagline:** Outpatient 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?** 8/1/2022
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 facilitate the move from the Enhanced Ambulatory Patient Groups (EAPG) version 3.9 to version 3.14 and to establish budget and payment neutrality factors. The relative weights and hospital-specific base rates will be updated using more recent claims and cost report data. The overall formula used to calculate outpatient payments will not change.

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

Rule 5160-2-75 sets forth the outpatient hospital reimbursement methodology for hospitals subject to the EAPG prospective payment methodology.

Changes to the rule include:

In paragraph (A)(1) removed quotation marks and corrected the capitalization of "international classification of diseases" in order to conform with LSC's guidelines.

In paragraph (A)(10) added language to specify an invoice is limited to thirty calendar days.

In paragraph (A)(11) replaced the spelled-out terms "current procedural terminology" and "healthcare common procedure coding system" with the established abbreviations.

In paragraph (B)(1) updated the language from "risk corridor" to "payment neutrality" and updated a paragraph reference from paragraph "E" to "I".

In paragraph (C)(1) updated the claims data base from "January 1, 2012 through December 31, 2014" to "October 1, 2015 through September 30, 2018".

In paragraph (C)(2) changed "medicaid cost report" to "Ohio medicaid hospital cost report" and updated the hospital cost report references to reflect the cost report version used to cost claims.

In paragraph (C)(3) updated the inflation factors computation date from "June 30, 2017" to "June 30, 2020".

In paragraph (F)(3) added language to describe the budget neutrality factors that are applied to all EAPGs by EAPG type.

In paragraph (G) revised language from "which may be paid" to "conditionally payable".

Restructured paragraph (G), and renumbered paragraph (G)(1)(a) to paragraph (G)(1)(f), to paragraph (G)(1) to paragraph (G)(6).

In paragraph (G)(2) removed EAPG codes pertaining to durable medical equipment (DME) EAPG codes and added clarifying language to explain that additional payments may be made for items that group to a DME EAPG type.

In paragraph (G)(4) removed EAPG codes pertaining to dental services and added clarifying language to explain that additional payments will be made for all items that group to a dental service EAPG type.

In paragraph (G)(6)(a) added clarifying language about payments for observations services.

In paragraph (G)(6)(b) removed EAPG codes pertaining to observation services and revised language to clarify that reimbursement for observation services is limited to a maximum of two consecutive days.

Struck paragraph (G)(2).

In paragraph (I) added language to establish a payment neutrality adjustment for each Ohio hospital in order to maintain payment neutrality.

- 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. 121.75 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. 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 121.75(A)(1)(d).

- 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. Please estimate the increase / decrease in the agency's revenues or expenditures in the current biennium due to this rule.**

This will increase expenditures.

\$2,884,000

This rule amendment will increase expenditures by an estimated \$970,000 during State Fiscal Year 2020. The estimated increase in State Fiscal Year 2021 is \$1,914,000.

**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**

**15. If the rule imposes a regulation fee, explain how the fee directly relates to your agency's cost in regulating the individual or business.**

This rule does not impose a regulation fee.

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

**16. Was this rule filed with the Common Sense Initiative Office? No**

**17. 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**

**D. Is it likely that the rule will directly reduce the revenue or increase the expenses of the lines of business of which it will apply or applies? No**