

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

Agency Name

Division

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Rule Number

NEW

TYPE of rule filing

Rule Title/Tag Line

Outpatient hospital reimbursement.**RULE SUMMARY**

1. Is the rule being filed for five year review (FYR)? **No**
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:

To implement Enhanced Ambulatory Patient Groups (EAPG) methodology for the reimbursement of outpatient hospital services occurring on or after July 1, 2017.
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 the reimbursement methodology for hospital outpatient services. The rule implements the Enhanced Ambulatory Patient Group (EAPG)

methodology for the reimbursement of outpatient hospital services occurring on or after July 1, 2017. The EAPG was developed and is maintained by 3M Health Information Systems. EAPG is a classification system that groups outpatient claims based on services performed and resource intensity. The EAPG payment calculation is the hospital specific base rate adjusted for risk corridor, multiplied by the EAPG relative weight for which the service was assigned by the EAPG grouper, multiplied by any applicable discounting factor (full payment, consolidation, or packaging), rounded to the nearest whole penny. The Department is using a database of recent paid claims (dates of service between 1/1/2012 and 12/31/2014) as the basis for changing payment methodology. The database consists of outpatient fee-for-service claims, health plan encounters, and related Medicaid hospital cost reports.

Reimbursement for select outpatient hospital services may be paid outside of EAPG during an interim period. Items that may be paid outside of EAPG include dental services, observation services, durable medical equipment, pharmaceuticals, independently billed services and vaccines for children.

In addition, the Department is considering expanding the behavior health services that are currently reimbursed in an outpatient hospital setting.

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:

Paragraph (C)(1) was updated to include "All outpatient hospital claims"

The title of paragraph (D) was updated to "Computation of case mix adjusted average cost per case (base rate)". Paragraphs (D)(1) through (D)(6) were updated to reflect the computation for each Ohio peer group base rate as the sum of total inflated cost for all cases; divided by the number of cases assigned to each peer group; multiplied by seventy-one and nine tenths per cent. Furthermore, for each Ohio peer group, sum the relative weight values for all cases assigned to the peer group; divided by the number of cases in the peer group. Paragraph (D) was also updated to reflect the peer group bases rate for non-Ohio peer groups as seventy per cent of the statewide average.

Paragraph (G)(1)(c)(ii)(c) was updated to exclude reimbursement for HCPCS J-code J0714.

The title of paragraph (G)(1)(e) was updated to "Vaccines for children (VFC)". Paragraph (G)(1)(e)(i)through (G)(1)(e)(iii) were updated to clarify language related to VFC.

12. Five Year Review (FYR) Date:

(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.

\$0.00

This rule will have no effect on the current biennium. However, it will increase expenditures \$31.2 million annually for the 2018-2019 biennium.

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

ALI 600-525

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:

It is not mandatory that hospitals purchase the 3M Enhanced Ambulatory Patient Groups (EAPG) software or update their billing systems, but may choose to do so, in order to have timely updates to their accounts receivable systems. From a claims submission perspective, hospitals do not need to make any billing systems changes, but may need to recognize a change in one data element on the claim information returned by Medicaid.

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.

There is no cost of compliance for counties, townships or municipal corporations.

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 is no cost of compliance with the proposed changes to this rule.

(a) Personnel Costs

There is no cost of compliance.

(b) New Equipment or Other Capital Costs

There is no cost of compliance.

(c) Operating Costs

There is no cost of compliance.

(d) Any Indirect Central Service Costs

There is no cost of compliance.

(e) Other Costs

There is no cost of compliance.

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.

The Department has anticipated and planned for this in the budget. There is no effect on the local government's ability to pay.

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

This rule will provide, in the aggregate, an additional \$2.5 million annually in hospital payments to hospitals that are owned by a County, Township or Municipal Corporation. These additional funds will allow the hospitals to continue or expand operations in their community thereby providing additional economic stimulus.