

**Legal Notice of Public Hearing**  
**Ohio Department of Job and Family Services**

**Date: May 17, 2004****Time: 10:00 AM****Place: Room 1823****30 E. Broad Street****Columbus, Ohio 43215-3414**

Pursuant to Chapters 5111.02 and 5112.03 and Chapter 119 of the Ohio Revised Code and 42 CFR 447.205 and section 1902(a)(13)(A) of the Social Security Act, the Director of the Ohio Department of Job and Family Services gives notice of intent amend the following rules:

Rule 5101:3-2-08.1 entitled Assessment rates is being amended and sets forth the assessment rate for the Hospital Care Assurance Program (HCAP). This rule is being amended to amend the assessment rates and the cost levels to which those rates apply to fund HCAP for the 2004 program year.

Rule 5101:3-2-09 entitled Payment policies for disproportionate share and indigent care adjustments for hospital services sets forth the conditions, requirements, and operation of HCAP as well as the distribution formula. This rule is being proposed for amendment to update the distribution formula for payment policies for disproportionate share hospitals (DSH).

The proposed distribution formula is updated to reflect more current hospital data, and to implement the disproportionate share hospital funding increases required by the Medicare Prescription and Drug Improvement and Modernization Act of 2003 (MMA 2003). The proposed rule allows for increasing the amount of funds allocated to hospitals meeting the strictest definition of disproportionate share hospital (High DSH).

The proposed model continues to distribute total HCAP dollars out of seven pools. The first pool is the High Federal Disproportionate Share and Indigent Care Payment Pool, which is money distributed to those hospitals meeting the high federal disproportionate share hospital definition. The second pool, the Medicaid Indigent Care Payment Pool, is distributed to hospitals based upon the percentage of each hospital's Medicaid (including Medicaid managed care payment shortfall) and Title V business to the total for all hospitals. The third pool, the Disability Assistance (DA) and Uncompensated Care Indigent Care Payment Pool, covers the costs to hospitals for uncompensated care provided to patients on DA or with incomes at or below the poverty level, and a portion of the hospitals costs for uncompensated care for patients above the poverty level. This pool funds 100% of a hospital's DA costs and uncompensated care costs for patients under 100% of the federal poverty level, and provides funding to hospitals based upon the ratio of 30% of their uncompensated care costs for uninsured patients above poverty to 30% of the statewide total uncompensated care costs for uninsured patients above poverty. The fourth pool, the Rural and Critical Access Payment Pool, distributes money first to Critical Access Hospitals by funding their Medicaid shortfall (up to an aggregate total of \$3.5 million for Critical Access Hospitals in this program year) by calculating a ratio of each CAH hospital's Medicaid shortfall to the total Medicaid shortfall for all CAH hospitals. The pool then distributes money to rural hospitals based upon the ratio of the gap between a hospital's allocated funds and its hospital-specific OBRA 1993 payment cap to the total of all rural hospitals' payment gap. The fifth pool, the County Redistribution of Closed Hospitals Payment only distributes money within a county if a hospital facility that is identifiable to a unique Medicaid provider number closed. If another hospital does not exist in that county, the money is instead distributed among hospitals in bordering counties. The available money is distributed to hospitals

within a county (or bordering counties) based upon the ratio of that hospital's uncompensated care costs to the countywide (or border countywide) total. The sixth pool, the Disproportionate Share Limit pool, provides a distribution of funds for uncompensated care costs reported by hospitals that have not received their maximum allowable amount through the first three pools. The Statewide Residual Pool is the seventh pool. In this pool, if a hospital has received more in distributions than the OBRA cap allows, the excess money is subtracted, and then redistributed to Children's Hospitals with room in their OBRA cap.

The distribution formula has also been modified to increase the number of comparisons to each hospital specific federally allowable maximum amount beginning with the second pool. This has the effect of distributing the majority of the dollars upfront and minimizes the amount of uncapped funds flowing through the distribution pools. Also, for the first time, hospitals with a proxy calculated negative Medicaid MCP Shortfall amount have the opportunity to submit additional, independently certified Medicaid MCP payment data in order to accurately reflect MCP shortfall in the hospital's OBRA Cap. In addition, all negative Medicaid MCP shortfall, calculated from the proxy method or actual MCP payment information, will no longer be assumed to be zero for purposes of determining each hospital's OBRA cap.

The proposed rates resulting from the updated methodology are subject to change since the department anticipates additional changes to the data used in the proposed methodology.

After the department has received all data changes, exact payment rates will be determined and will be available on line at <http://jfs.ohio.gov/ohp/bhpp/hbfm.stm>. The proposed rates, which are subject to data changes, are available upon request by calling the Hospital Unit of the Bureau of Health Plan Policy at 614-466-6420.

The department estimates that this rule will increase Medicaid expenditures on a yearly aggregate basis by approximately \$75.2 million for federal fiscal year 2004 from federal fiscal year 2003.

Rule 5101:3-2-10 entitled Payment policies for disproportionate share and indigent care adjustments for psychiatric hospitals sets forth the conditions, requirements, and operation of the Institutions for Mental Diseases Disproportionate Share (IMD DSH) program, as well as the distribution formula. This rule is being proposed for amendment to update information and cost reporting period references, and to account for increased federal funding resulting from (MMA 2003).

The distribution formula has also been modified: The definition of Medicaid "Inpatient Days" has been modified to mean for each psychiatric hospital, the number of Medicaid inpatient hospital days provided to persons under twenty-two or over sixty-four. This has the effect of excluding service days provided to the 22 to 64 year old age group from the numerator of the Medicaid inpatient utilization rate, calculation.

The proposed rates resulting from the updated methodology are subject to change since the department anticipates additional changes to the data used in the proposed methodology.

After the department has received all data changes, exact payment rates will be determined and will be made available upon request. The proposed rates, which are subject to data changes, are available upon request by calling the Hospital Unit of the Bureau of Health Plan Policy at 614-466-6420.

The department estimates that this rule will increase Medicaid expenditures on a yearly aggregate basis by approximately \$10.2 million for federal fiscal year 2004 from federal fiscal year 2003.

The above rules are available at each CDJFS and on the Internet at:  
<http://jfs.ohio.gov/ols/pubhearings/>.

A public hearing on the proposed rule will be held on 05/17/04 at 10:00 A.M. until all testimony is heard in the Room 1823, 30 East Broad Street, Columbus, Ohio. Either written or verbal testimony on the proposed rule will be taken at the public hearing. Additionally, the department urges the submission of written comments as soon as possible; written comments submitted by 05/17/04 will be treated as testimony. Requests for a paper copy of the proposed rules or comments should be submitted by mail to:

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[legal@odjfs.state.oh.us](mailto:legal@odjfs.state.oh.us)

Written comments received may be reviewed at the Department at the address listed above.