

FEDERAL MEDICAID NOTICE AND PUBLIC HEARING NOTICE
OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

DATE: July 18, 2006
TIME: 10:00 a.m.
LOCATION: Room 3110 B, Rhodes State Office Tower
30 East Broad St., Columbus, Ohio 43215

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 the department's intent to amend rules 5101:3-2-08.1 and 5101:3-2-9 and of a public hearing thereon.

Rule 5101:3-2-08.1, entitled Assessment rates, describes the calculation used to arrive at the assessment rate applied to all hospitals. This rule is being proposed to establish the assessment rates and the cost levels which fund the Hospital Care Assurance Program (HCAP) for the 2006 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) for use in Program Year 2006.

The proposed distribution formula is updated to reflect more current hospital data, to implement the increased hospital specific disproportionate share limit for the second year afforded to states for public hospitals, by the Medicare, Medicaid and SCHIP Benefits Improvement Act of 2000 (BIPA 2000), to adjust the distribution of funds from the disability assistance medical and uncompensated care indigent care payment pool, and to reallocate funds from the rural access pool to the critical access hospital (CAH) pool in the amount of the funding received by newly designated 2006 CAH in the 2005 rural pool. The amended rule also includes an additional reporting requirement regarding critical access hospital status and an additional requirement that hospitals submit their assessment amount via electronic funds transfer.

The proposed model distributes total HCAP dollars out of eight 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 \$4,423,221 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 Children's Hospital pool, provides a distribution of funds capped at \$7.0 million to children's hospitals with room in their OBRA cap. The seventh 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 multiplication factor for the hospital assessment rate used to distribute funds in pool seven is .423 for program year 2006. The Statewide Residual Pool is the eighth 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 hospitals with room in their OBRA cap.

The OBRA payment cap has been updated to reflect 110% for state and public hospitals pursuant to federal law for Program Year 2006.

In addition to the changes in the distribution formula, an amendment to OAC rule 5101:3-2-9 requires hospitals to notify the department of any changes in their critical access status immediately following notification from CMS. An additional requirement was added to require hospitals to submit their assessment amount to the department via electronic funds transfer beginning in the program year that ends in the calendar year 2006.

The department estimates that this rule will decrease payment to acute care hospitals by \$2,141,543 from the FFY 05 levels on an aggregate basis because of the change in the state's federal match rate. Hospitals may obtain the proposed payment rates that result from these amendments upon request by calling the Hospital Section of the Bureau of Health Plan Policy at (614) 466-6420.

A copy of the proposed rules is available, without charge, to any person affected by the rules at the address listed below and at the county departments of job and family services. The rules are also available on the internet at <http://www.registerofohio.state.oh.us/>. A public hearing on the proposed rules will be held at the date, time, and location listed at the top of this notice. Either written or oral testimony will be taken at the public hearing. Additionally, written comments submitted or postmarked no later than the date of the public hearing will be treated as testimony.

Requests for a copy of the proposed rules or comments on the rules should be submitted by mail to the Ohio Department of Job and Family Services, Office of Legal Services, 30 East Broad Street, 31st Floor, Columbus, Ohio 43215-3414, by fax at (614) 752-8298, or by e-mail at rules@odjfs.state.oh.us. Comments received may be reviewed at this address.