

**LEGAL NOTICE
STATE OF OHIO
DEPARTMENT OF JOB AND FAMILY SERVICES**

PURSUANT TO SECTIONS 5111.02 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 DEPARTMENT OF JOB AND FAMILY SERVICES GIVES NOTICE OF THE DEPARTMENT'S INTENT TO AMEND RULE 5101:3-2-074 ON A PERMANENT BASIS TO BE EFFECTIVE MAY 31, 2003, AND OF A PUBLIC HEARING THEREON.

Rule 5101:3-2-07.4 entitled "Basic methodology for determining prospective payment rates" describes the methodology for determining prospective payment rates for inpatient hospital services and sets the annual inflationary update. This rule is being proposed for amendment on a permanent basis to be effective May 31, 2003, to not provide for inpatient inflationary updates through December 31, 2004. Effective January 1, 2005, the proposed rule would provide for a 3.0 percent inflationary update for the rate year beginning January 1, 2005 and ending December 31, 2005.

This rule inflates inpatient hospital rates for hospitals subject to the DRG prospective payment system by market basket minus 1.0 percent (inflation is 3.9 percent, yielding a rate adjustment of 2.9 percent) for the rate period beginning January 1, 2003. The department had previously amended the rule to delay the inflationary adjustment until June 1, 2003. The amendment proposed now on a permanent basis, would extend the non-provision of inflationary adjustments through December 31, 2004. This proposed change essentially holds inpatient hospital rates constant at the calendar year (CY) 2002 levels for CY 2003 and CY 2004, and then provides for a 3.0 percent rate increase on January 1, 2005. In light of the current economic conditions in Ohio, the changes are intended to impose greater cost containment and efficiencies on Ohio hospitals, by restraining the rate of increase in inpatient hospital reimbursement rates, considering the current rates paid. The proposed changes are also intended to help balance state resources among competing demands, while continuing to assure access to quality care for Ohio's needy Medicaid consumers. The department estimates that the non-provision of rate updates for the remaining portion of CY 2003, and all of CY 2004, would result in decreased spending on inpatient hospital services of \$14.0 million for the remaining portion of CY 2003, and \$65.3 million in CY 2004. The rates that will result from this amendment are available upon request by calling the Hospital Unit of the Bureau of Health Plan Policy at 614-466-6420.

A copy of the proposed rule is available for review in each county department of job and family services and also at <http://www.state.oh.us/odjfs/legal/index.htm>.

A copy of the rule is also available without charge at the address listed below. A public hearing on the proposed rule will be held on April 15, 2003 at 10:00 A.M. until all testimony is heard in Room 1823, 30 East Broad Street, Columbus, Ohio. Either written or verbal testimony on the proposed rules will be taken at the public hearing. Additionally, the department urges the submission of written comments as soon as possible; written comments submitted or postmarked no later than April 15, 2003, will be treated as testimony.

Requests for a copy of the rules or comments on them should be submitted by mail to "Ohio Department of Job and Family Services, Office of Legal Services, 30 East Broad Street, 31st Floor, Columbus, Ohio 43266-0423", by fax at (614) 752-8298, or by e-mail at "legal@odjfs.state.oh.us". Written comments received may be reviewed at the Department at the address listed above.