

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

DATE: June 29, 2009
TIME: 10:00 a.m.
LOCATION: Room 3110B, Rhodes State Office Tower
30 East Broad Street
Columbus, Ohio 43215

Pursuant to sections 5111.02, 5112.03, and 5112.06 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 5101:3-2-09 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 that fund the Hospital Care Assurance Program (HCAP) for the 2009 program year.

This rule sets forth the assessment rates for the Hospital Care Assurance Program. The amendment updates paragraph (B)(2) to establish an assessment rate of 0.010338 of a hospital's adjusted total facility costs up to \$216,374,000 and 0.00738093 for any amount in excess of \$216,374,000.

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 2009 and for five year rule review.

The proposed distribution formula is updated to reflect more current hospital data, to remove the fixed dollar amounts used for distribution in each pool and replace them with a predetermined percentage of the total funds available for distribution, to eliminate the Disproportionate Share Limit Pool and to provide a methodology which allows funds allocated to a pool to remain in that pool when a provider reaches their hospital-specific disproportionate share limit. The distribution also accommodates the additional funding provided to Ohio by the increase in the Federal Medical Assistance Percentage (FMAP) rate, the Balanced Budget Act of 1997, the Medicare Modernization Act of 2003, and the American Recovery and Reinvestment Act (ARRA) of 2009.

The proposed model distributes 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. The fourth pool, the Rural and Critical Access Payment Pool, distributes money first to Critical Access Hospitals by funding their Medicaid shortfall 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 Pool 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 funds to children's hospitals with room in their OBRA cap. 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 hospitals with room in their OBRA cap.

The department estimates that this rule will increase payments to acute care hospitals by \$27 million from the FFY 08 levels on an aggregate basis because of a change in the state's federal match rate, an increase in the state's Federal Disproportionate Share allotment and a special allotment as provided by the AARA of 2009. Persons 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.

Copies of the proposed rules are available, without charge, to any person affected by the rule 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@jfs.ohio.gov. Comments received may be reviewed at this address.