

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

Date: June 17, 2003**Time: 10:00 a.m.****Place: Room 1823 Rhodes**

PURSUANT TO SECTIONS 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 DEPARTMENT OF JOB AND FAMILY SERVICES GIVES NOTICE OF THE DEPARTMENT'S INTENT TO RESCIND RULE 5101:3-2-08 AND ENACT RULES 5101:3-2-08 AND 5101:3-2-08.1, AND TO AMEND RULES, 5101:3-2-09 AND RULE 5101:3-2-10 ON A PERMANENT BASIS, AND OF A PUBLIC HEARING THEREON.

Rule 5101:3-2-08 entitled Assessment Policies for Disproportionate Share and Indigent Care Adjustments for Hospital Services sets forth the assessment rate for the Hospital Care Assurance Program (HCAP). This rule is being proposed for rescission, and will be replaced by rules 5101:3-2-08 and 5101:3-2-08.1.

Rule 5101:3-2-08 entitled Data Policies for Disproportionate Share and Indigent Care Adjustments for Hospital Services. This rule is being proposed for enactment to replace a portion of rule 5101:3-2-08 proposed for rescission, and to set forth the data policies used to determine disproportionate share indigent care adjustments and used to calculate hospital assessments.

Rule 5101:3-2-08.1 entitled Assessment rates sets forth the assessment rate for the Hospital Care Assurance Program (HCAP). This rule is being proposed for enactment to replace a portion of rule 5101:3-2-08 proposed for rescission, and to establish the assessment rate to fund HCAP, for the 2003 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 reductions required by the Balanced Budget Act of 1997 (BBA 97). The proposed rule allows for maintaining the amount of funds allocated to hospitals meeting the strictest definition of disproportionate share hospital (High DSH) at the federal fiscal year (FFY) 2002 levels. The department estimates that these amendments will decrease total Medicaid expenditures by approximately \$84.9 million for federal fiscal year 2003 from the FFY 2002 levels.

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, and then 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 (High DSH) 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 third 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.

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://www.state.oh.us/odjfs/ohp>. 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.

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 reduced federal funding resulting from (BBA 97). The department estimates this amendment will decrease total Medicaid expenditures by approximately \$10.2 million for FFY 2003 from the FFY 2002 levels, and does not change reimbursement methodology.

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.

A copy of the rules are available without charge at the address listed below and at each CDJFS. A public hearing on the proposed rule will be held on 6/17/03 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 6/17/03 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.