

**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 FINAL DECISIONS WITH RESPECT TO THE AMENDMENT OF RULE 5101:3-2-07.4, AND OF A PUBLIC HEARING ON THE REVISED PROPOSED PERMANENT RULE.

On March 11, 2003, the Department of Job and Family Services issued a notice starting a public process seeking to amend rule 5101:3-2-07.4. 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 was proposed for amendment on a permanent basis to be effective June 1, 2003, to delay inpatient rate inflationary updates through December 31, 2004. Effective January 1, 2005, the proposed rule would have provided for a 3.0 percent inflationary update for the rate year beginning January 1, 2005 and ending December 31, 2005. While this rule was pending in the rule making process and also debated in the General Assembly, the department placed this proposed rule in a to be re-filed status and amended the rule on an emergency basis extending the delay in inflationary updates to September 1, 2003.

The department's proposal to delay inflationary updates to inpatient hospital rates until January 1, 2005, reflected in the proposed rule, was subject to much debate during the rulemaking process and in the General Assembly. As a result of this debate, and in consideration of the issues raised, the department is now proposing to amend Rule 5101:3-2-07.4 to reflect changes contained in Am. Sub. H. B. 95 that emerged from the debate. The rule proposed in March will now be filed in revised format to provide childrens hospitals inflationary adjustments for SFY 2004 and 2005 and also provide childrens hospitals an adjustment equal to the difference between (1) the amount the hospital would have been paid under rule 5101:3-2-07.4 of the Administrative Code for the period beginning January 1, 2003, and ending May 31, 2003, if the amendment to paragraph(G) of that rule that went into effect on December 31, 2002, had not gone into effect and (2) the amount that the hospital was paid under that rule for that period. General hospitals paid on a prospective basis will continue to be subject to the delay in the inflationary update until January 1, 2005. General hospitals, however, will receive an outpatient rate increase, which will be proposed in a separate rule, that will not be provided to childrens hospitals.

The proposed changes are 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 delay in provision of inflationary rate updates for all hospitals except childrens hospitals for the remaining portion of CY 2003, and all of CY 2004, will result in decreased spending on inpatient hospital services of \$11.8 million for the remaining portion of CY 2003, and \$55.0 million in CY 2004. The increase in inpatient payments to childrens hospitals will result in increased expenditures of \$4.7 million from April 1, 2003 through the end of CY 2003, and \$10.2 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. Hospitals except childrens hospitals will receive the rates they received for services on December 31, 2002, while the childrens hospitals will receive an approximate 2.9% increase to their rates for CY 2003 except for the month of June.

A copy of the revised 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 revised proposed rule will be held on July 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 rule 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 July 15, 2003 will be treated as testimony.

Requests for a copy of the rule or comments on it 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 public_records@odjfs.state.oh.us. Written comments received may be reviewed at the Department at the address listed above.