

**FEDERAL MEDICAID NOTICE AND PUBLIC HEARING NOTICE
OHIO DEPARTMENT OF MEDICAID**

DATE: February 10, 2014
TIME: 11:00 am
LOCATION: Room A401, Lazarus Building
50 W. Town St., Columbus, Ohio 43215-3414

Pursuant to section 5162.03 and 5164.02 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 Medicaid ("the Medicaid Director") gives notice of the Department's intent to adopt the rules as identified below and of a public hearing thereon. These rules were adopted on an emergency basis on January 1, 2014.

Pursuant to section 1902(a)(13)(A) of the Social Security Act, the Medicaid Director issued an initial notice on June 20, 2013 to inform the public of proposed changes to state fiscal year 2014 and 2015 reimbursement for hospital services by the Ohio Medicaid program. Specifically, the proposed changes included: 1) discontinuation of a temporary five per cent inpatient hospital base and medical education rate increase for all hospitals, and 2) reducing interim capital payments and eliminating cost settlement of capital-related costs to all hospitals paid by Medicaid under prospective payment. In November 2013, the Medicaid Director met with the Ohio Hospital Association and the Ohio Children's Hospital Association to continue the public input process and solicit comments from the hospital associations and their membership. The outcome of this meeting and public input process was the proposal to discontinue the temporary five per cent inpatient hospital base and medical education rate increase for all hospitals except children's hospitals, reduce the percent of outlier eligible costs from ninety-five to ninety percent for all hospitals, and to reduce interim capital payments and eliminate cost settlement of capital-related costs to all hospitals paid by Medicaid under prospective payment. Another public notice was issued on December 20, 2013 to inform the public of the changes that took effect on an emergency basis beginning January 1, 2014.

Rule 5160-2-65, entitled Inpatient hospital reimbursement, is being proposed for amendment to ensure that Medicaid hospital spending can remain in line with Medicaid appropriations. This rule sets forth the Medicaid inpatient hospital reimbursement methodology for hospitals subject to prospective payment. The proposed change to the rule, which took effect January 1, 2014, is to: 1) terminate a temporary five percent inpatient hospital base and medical education rate increase for all hospitals except children's hospitals; and 2) reduce the percent of outlier eligible costs from ninety-five to ninety percent for all hospitals. This rule was filed on an emergency basis with an effective date of January 1, 2014.

Rule 5160-2-07.6, entitled Capital costs, is being proposed for amendment to ensure that Medicaid hospital spending can remain in line with Medicaid appropriations. This rule sets forth the Medicaid capital cost reimbursement for hospitals subject to prospective

payment. The proposed change to the rule, which took effect on January 1, 2014, is to: 1) reduce interim capital payments to eighty five percent of cost; and 2) to eliminate cost settlement of capital-related costs to all hospitals paid by Medicaid under prospective payment. This rule was filed on an emergency basis with an effective date of January 1, 2014.

The Department estimates that these changes will result in an aggregate payment decrease of \$119.7 million annually. The rates that will result from these amendments are available upon request by emailing the Hospital Section of the Bureau of Health Plan Policy to hospital_policy@medicaid.ohio.gov. The rates will also be published in the regular annual rate update letter sent to hospitals.

A copy of the proposed rules is available, without charge, to any person affected by the rules at the address listed below. A public hearing on the proposed rules will be held at the date, time, and location listed at the top of this notice. Both written and 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 and testimony on the rules should be submitted by mail to the Ohio Department of Medicaid Rule Administrator, Office of Legal Counsel, 50 W. Town Street, Suite 400, Columbus, Ohio 43215-3414, by fax at (614) 752-3986, or by e-mail at rules@medicaid.ohio.gov. Testimony received may be reviewed at this address.