



MEMORANDUM

TO: James Tassie, Ohio Department of Job and Family Services

FROM: Paula Steele, Regulatory Policy Advocate

DATE: June 17, 2013

RE: **CSI Review – Bureau of Health Plan Policy (BHPP) Schedule and Fee Updates, Summer 2013** (OAC 5101:3-1-60, Appendix DD, 5101:3-4-06, 5101:3-4-12, Appendix A, Appendix B, and 5101:34-13)

On behalf of Lt. Governor Mary Taylor, and pursuant to the authority granted to the Common Sense Initiative (CSI) Office under Ohio Revised Code (ORC) section 107.54, the CSI Office has reviewed the abovementioned administrative rule package and associated Business Impact Analysis (BIA). This memo represents the CSI Office's comments to the Agency as provided for in ORC 107.54.

Analysis

This rule package consists of five rules – three amended, one rescinded, and one new – and is being reviewed by the Ohio Department of Job and Family Services (ODJFS) in accordance with the five-year review requirement of ORC 119.032. The rules address physician services as they relate to Medicaid reimbursement policies and coverage for various services and immunizations, injections, and pharmaceuticals. The rule package was filed with the CSI Office on May 22, 2013, and the comment period for the rules closed on May 29, 2013. No comments were received during the public comment period.

The most significant change in the proposed rules is a shift from listing specific maximum allowable fees in the rule language to a methodology that will for establishing a maximum fee

that will guide Department actions in setting and adjusting the fees. This shift is meant to allow for reimbursements of providers' actual costs by providing a tool to make more timely updates to fees in the Medicaid Information Technology System (MITS). The agency expects additional methodologies will be established to replace other static fee schedules. Other proposed changes in the rule are intended to clarify, streamline, and update coverage and payment policies. The majority of these changes are being driven by changes at the federal level.

According to the BIA, early stakeholder outreach has consisted of concept discussions over the last several years concerning the replacement of fee schedules with payment methodologies. Reportedly, affected providers are supportive of changing how maximum fees for provider-administered pharmaceuticals are published. In addition, the Department submitted the proposed rule package through its Clearance process, which solicits input from stakeholders. During the process, two laboratory providers expressed dissatisfaction with fees for a few specific procedures. The agency reviewed the laboratories' concerns and determined that two previously non-covered procedures should be covered. However, after review of the fee amounts, the Department determined the fees would remain as proposed at this time.

Upon review of the rule package, the CSI Office followed up with the agency to request additional information regarding the adverse impact to business and the justification of the impact. After reviewing the proposed rules and revised BIA, the CSI Office has determined that the rule package satisfactorily meets the standards espoused by the CSI Office, and the purpose of the rules justifies the adverse impact identified in the BIA.

Recommendation

For the reasons explained above, this office does not have any recommendations regarding this rule package.

Conclusion

Based on the above comments, the CSI Office concludes that the Department should proceed with the formal filing of this rule package with the Joint Committee on Agency Rule Review.

cc: Mark Hamlin, Lt. Governor's Office