

**MEMORANDUM**

TO: Aniko Nagy, Ohio Bureau of Workers' Compensation
FROM: Mark Hamlin, Director of Regulatory Policy
DATE: November 10, 2015
RE: **CSI Review – Inpatient Hospital Fee Schedule (OAC 4123-6-37.1)**

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 a single amended rule proposed by the Bureau of Workers' Compensation (BWC). The proposed rule establishes the methodology for determining fees paid by the Bureau to providers of inpatient hospital services for injured workers. This rule package was filed with the CSI Office on October 14, 2015 with a public comment period ending on November 6, 2015. No comments were received during the CSI review period.

BWC adjusts this rule annually, and the CSI Office has reviewed it each year since 2012. In 2013, the CSI review included a recommendation – due to concerns expressed by stakeholders about the use of complex Medicare formulas to determine hospital costs – that the Bureau formulate a timeline and document a plan to explore with stakeholders alternative methodologies for determining hospital costs. Although the Medicare formulas are still used, BWC has demonstrated an active collaboration with stakeholders, including the Ohio Hospital Association (OHA). OHA did express concern about the rate selected by BWC, primarily due to reductions in the Medicare rate which serves as the basis for BWC's reimbursement formula, but indicated support for the overall methodologies in the rule. BWC believes that the rate does cover the cost of providing care to Ohio injured workers, and pledged ongoing work with OHA to ensure that

this continues to be the case in future years. No further comments were submitted during the CSI review period.

After reviewing the proposed rule and the associated BIA, the CSI Office has determined that the purpose of the rule is justified.

Recommendations

For the reasons discussed above, the CSI Office does not have any recommendations for this rule package.

Conclusion

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