

**MEMORANDUM**

TO: Tommi Potter, Ohio Department of Medicaid

FROM: Sophia Papadimos, Regulatory Policy Advocate

DATE: March 1, 2016

RE: **CSI Review – Disproportionate Share Hospital Program (OAC 5160-2-08.1 and 5160-2-09)**

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 two amended rules proposed by the Ohio Department of Medicaid (ODM) pursuant to the five-year review requirement in statute, pertaining to the Disproportionate Share Hospital (DSH) program. The rule package was submitted to the CSI Office on February 4, 2016 and the public comment period was held open through February 11, 2016. One comment was received during this time.

The Disproportionate Share Hospital (DSH) program is federally required to recognize and make payments to qualifying hospitals that offset the cost of Medicaid shortfall and the cost of care to the uninsured. The federal requirements do not specify a complete operational methodology so ODM worked with stakeholders to develop a methodology for Ohio. Ohio Administrative Code (OAC) 5160-2-08.1 outlines the calculation used to determine the assessment rate applied to all hospitals. The proposed amendment establishes the assessment rates and the cost levels that fund the 2015 program year. OAC 5160-2-09 sets forth the distribution formula for the payment policies for the 2015 program year.

ODM explained in the BIA that the adverse impact is the actual cost hospitals are required to pay as a result of the assessment and any potential penalties for failing to comply with the rules. The proposed amendments were developed in collaboration with the Ohio Hospital Association. And the Association commented in support of the proposed rules during the public comment period. Therefore, after reviewing the rule package, the CSI Office has determined the purpose of the rules is justified.

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 Ohio Department of Medicaid should proceed with the formal filing of this rule package with the Joint Committee on Agency Rule Review.