

Rule Summary and Fiscal Analysis

Part A - General Questions

Rule Number: 5160-2-60

Rule Type: Amendment

Rule Title/Tagline: Hospital cost coverage add-on.

Agency Name: Ohio Department of Medicaid

Division:

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I. Rule Summary

1. Is this a five year rule review? No
 - A. What is the rule's five year review date? 1/2/2025
2. Is this rule the result of recent legislation? No
3. What statute is this rule being promulgated under? 119.03
4. What statute(s) grant rule writing authority? 5164.02
5. What statute(s) does the rule implement or amplify? 5162.03, 5164.02
6. What are the reasons for proposing the rule?

This rule is being proposed for amendment to add language, which was adopted from an emergency rule filed October 30, 2020, to allow the Department to make short term adjustments, either increases or decreases, to hospital-specific rates with the approval of the Medicaid Director. The goal of these adjustments will be to maintain budget neutrality and ensure that hospital payments are aligned with the proposed projections. Additionally, the amended rule will add the definition of Outpatient Hospital Behavioral Health (OPHBH) services and clarifies that OPHBH visits are not included in the calculations of the outpatient CCA rates. Only outpatient visits derived from the EAPG payment methodology are included. .

7. Summarize the rule's content, and if this is an amended rule, also summarize the rule's changes.

This rule sets forth an additional payment methodology in the form of a cost coverage add-on to hospitals. This additional payment methodology will ensure adequate access for Medicaid recipients to inpatient and outpatient hospital services. The cost coverage add-on, which is case-mix adjusted, is added to a hospital's base rate for each inpatient discharge or outpatient service on or after the effective date of the rule for those hospitals paid under the "All Patient Refined-Diagnosis Related Group" (APR-DRG) inpatient prospective payment system and the "Enhanced Ambulatory Patient Grouping" (EAPG) outpatient prospective payment system. For those hospitals excluded from the prospective payment systems, the cost coverage add-on will be a percentage added adjustment to their prospective inpatient and outpatient cost to-charge ratios for discharges or services on or after the effective date of the rule.

The amendments to the rule include the addition of paragraph (J) to allow the Department to make short term adjustments, either increases or decreases, to hospital-specific rates with the approval of the Medicaid Director. The goal of these adjustments will be to maintain budget neutrality and ensure that hospital payments are aligned with the proposed projections. Additionally, the amended rule adds the definition of OPHBH visits in paragraph (A)(11) and excludes visits for OPHBH services from the definition of total Medicaid visits in paragraph (A)(10) since OPHBH services are not reimbursed under the outpatient prospective payment system.

- 8. Does the rule incorporate material by reference? Yes**
- 9. If the rule incorporates material by reference and the agency claims the material is exempt pursuant to R.C. 121.75, please explain the basis for the exemption and how an individual can find the referenced material.**

This rule incorporates one or more references to another rule or rules of the Ohio Administrative Code. This question is not applicable to any incorporation by reference to another OAC rule because such reference is exempt from compliance with RC 121.71 to 121.74 pursuant to RC 121.75(A)(1)(d).

- 10. If revising or re-filing the rule, please indicate the changes made in the revised or re-filed version of the rule.**

Not Applicable

II. Fiscal Analysis

- 11. Please estimate the increase / decrease in the agency's revenues or expenditures in the current biennium due to this rule.**

This will have no impact on revenues or expenditures.

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This rule proposal will not have an impact on expenditures. The appropriations for SFY 2021 have already been established in Am. Sub. House Bill 166 of the 133rd General Assembly. The funding necessary for SFY 22 will be included in the Department's baseline budget request.

- 12. What are the estimated costs of compliance for all persons and/or organizations directly affected by the rule?**

There is no cost of compliance.

- 13. Does the rule increase local government costs? (If yes, you must complete an RSFA Part B). No**

- 14. Does the rule regulate environmental protection? (If yes, you must complete an RSFA Part C). No**

- 15. If the rule imposes a regulation fee, explain how the fee directly relates to your agency's cost in regulating the individual or business.**

This rule does not impose a regulation fee.

III. Common Sense Initiative (CSI) Questions

- 16. Was this rule filed with the Common Sense Initiative Office? Yes**

- 17. Does this rule have an adverse impact on business? Yes**

A. Does this rule require a license, permit, or any other prior authorization to engage in or operate a line of business? No

B. Does this rule impose a criminal penalty, a civil penalty, or another sanction, or create a cause of action, for failure to comply with its terms? No

- C. Does this rule require specific expenditures or the report of information as a condition of compliance? No
- D. Is it likely that the rule will directly reduce the revenue or increase the expenses of the lines of business of which it will apply or applies? Yes

The appropriations authorized by the General Assembly are allocated to hospitals each State Fiscal Year (SFY). Any reduction in the cost coverage add-on (CCA) rate to a hospital would be the result of the hospital being reimbursed more through CCA than was projected to be allocated to the hospital for the state fiscal year. The reduction in CCA is needed for budget neutrality in the program.

IV. Regulatory Restrictions (This section only applies to agencies indicated in R.C. 121.95 (A))

18. Are you adding a new or removing an existing regulatory restriction as defined in R.C. 121.95? No

- A. How many new regulatory restrictions do you propose adding?

Not Applicable

- B. How many existing regulatory restrictions do you propose removing?

Not Applicable