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 the definitions of Total Medicaid Inpatient Charges and Total Medicaid Outpatient Charges and to update how the cost coverage add-on is calculated for hospitals excluded from the inpatient hospital and outpatient hospital prospective payment systems.

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

    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 to their prospective inpatient and outpatient costÃÂÃÂÃÂÃÂ to-charge ratios for discharges or services on or after the effective date of the rule.

The contents of this rule are summarized as follows: Paragraph (A), defines the data elements from the Ohio Medicaid Hospital Cost Report that are used in the cost coverage add-on calculation as well as defines the terminology used in the rule; Paragraph (B), defines the data policies and the state fiscal year of the Ohio Medicaid Hospital Cost Report that is being used in the cost coverage add-on calculation; Paragraph (C), describes the payment sources for the cost coverage add-on; Paragraph (D), describes the inpatient cost coverage add-on distribution pool; Paragraph (E), describes the outpatient cost coverage add-on distribution pool; Paragraph (F) describes the calculation for the inpatient cost coverage add-on per discharge for hospitals paid under the APR-DRG prospective payment system; Paragraph (G), describes the calculation for the outpatient cost coverage add-on per visit for hospitals paid under the EAPG prospective payment system; Paragraph (H), describes the calculation for the inpatient cost coverage add-on per discharge for hospitals excluded from the APR-DRG prospective payment system; and Paragraph (I), describes the calculation for the outpatient cost coverage add-on per visit for hospitals excluded from the EAPG prospective payment system.

This rule is being amended for the following: (1) In paragraph (A), removed paragraph (A)(3) since this data element is no longer being used in the cost coverage add-on calculation and added paragraphs (A)(6) and (A)(7), to define total Medicaid inpatient charges and total Medicaid outpatient charges, respectively. (2) In paragraph (C)(5), updated a paragraph reference. (3) In paragraph (F)(3), removed language that no longer applies. (4) In paragraph (F)(4), removed a paragraph reference. (5) In paragraphs (G)(1) and (G)(2), updated paragraph references. (6) In paragraph (G)(3), removed language that no longer applies. (7) In paragraph (G)(4), removed a paragraph reference. (8) In paragraph (H)(1), updated the language on how total inpatient payments are calculated. (9) In paragraphs (H)(2) and (H)(4), updated paragraph references. (10) In paragraph (H)(3), updated language to reference the inpatient payments calculated in paragraph (H)(1). (11) In paragraph (H)(6), updated language to multiply the results in paragraph (H)(5) by the inpatient cost-to-charge ratio described in paragraph (H)(1). (12) In paragraph (H)(7), original language was stricken and replaced with language that adds the cost coverage add-on increase to the inpatient-cost-to-charge ratio and also added language to specify which inpatient cost-to-charge ratio in which to apply the cost coverage add-on increase. The Department

is proposing these technical corrections in paragraph (H) to ensure the amounts allocated to hospitals excluded from the non-prospective payment systems are using the most recently available cost report data. (13) In paragraph (I)(1), updated the language on how total outpatient payments are calculated. (14) In paragraphs (I)(2) and (I)(4), updated paragraph references. (15) In paragraph (I)(3), updated language to reference the outpatient payments calculated in paragraph (I)(1). (16) In paragraph (I)(6), updated language to multiply the results in paragraph (I)(5) by the outpatient cost-to-charge ratio described in paragraph (I)(1). (17) In paragraph (I)(7), original language was stricken and replaced with language that adds the cost coverage add-on increase to the outpatient-cost-to-charge ratio and added language to specify which outpatient cost-to-charge ratio to apply the cost coverage add-on increase to. The Department is proposing these technical corrections in paragraph (I) to ensure the amounts allocated to hospitals excluded from the non-prospective payment systems are using the most recently available cost report data.

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.**

    This rule is being revised filed for the following reasons: (1) in paragraphs (A)(2) and (C)(4) updated the naming convention of a psychiatric hospital from "Low volume psychiatric hospital" to "Freestanding psychiatric hospital," and removed the discharge threshold of less than four hundred Medicaid discharges from the definition of a private psychiatric hospital. By removing the threshold amount, all private freestanding psychiatric hospitals are now eligible for an allocation from the private psychiatric hospital policy pool; and (2) in paragraph (D)(3) removed the language that explained what happened when there are no low volume psychiatric hospitals because now all private freestanding psychiatric hospitals will receive allocations from the private freestanding psychiatric hospital policy pool. Lastly, the public hearing notice has been amended to reflect these changes.

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.

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?** No

17. **Does this rule have an adverse impact on business?** No

    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? No

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