

## Rule Summary and Fiscal Analysis

### Part A - General Questions

**Rule Number:** 5160-2-60

**Rule Type:** New

**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?
2. Is this rule the result of recent legislation? Yes
  - A. If so, what is the bill number, General Assembly and Sponsor? HB 166 - 133  
- Scott Oelslager
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 adoption to provide additional funding to hospitals in the form of a cost coverage add-on. This proposal is part of the Hospital Franchise Fee re-alignment budget initiative and the appropriations established in Am. Sub. House Bill 166 of the 133rd General Assembly.

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, will be 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 cost-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.

- 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. 121.71 to 121.76, 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 the intro paragraph added language to explain the provisions of this rule do not apply to the Medicaid

maximum allowed amount calculation described in the Coordination of Benefits rule (OAC 5160-2-25); removed rule references to OAC 5160-2-22, 5160-2-65, and 5160-2-75 and replaced with the language "prospective payment systems or non-diagnostic related groups (DRG) prospective payment system"; (2) in paragraph (A)(2), added language to clarify that a low volume psychiatric hospital refers to a privately-owned freestanding psychiatric hospital; (3) in paragraph (C)(1), updated the inpatient standard pool amount from \$258,623,007.81 to \$259,229,112.31 and the percentage allocation from 36.30% to 36.38%; (4) in paragraph (C)(2), updated the outpatient standard pool amount from \$168,660,705.79 to \$168,054,601.29 and the percentage from 23.67% to 23.59%; (5) in paragraph (D)(3), added language to specify if there are no low volume psychiatric hospitals then the amount allocated to low volume psychiatric hospitals will be allocated to all privately-owned freestanding psychiatric hospitals; (6) in paragraph (F)(1), updated paragraph references from (D)(1) to (D)(4) to (F)(1)(a) to (F)(1)(b); (7) added paragraph (F)(1)(a) to sum the amounts in paragraph (D)(1) to (D)(4); (8) added paragraph (F)(2)(b) which states that outpatient amounts allocated to freestanding psychiatric hospitals are to be added to the inpatient cost coverage pool amounts; (9) in paragraphs (G), (G)(3), and (G)(4), updated the word "visit" to "detail"; and (10) removed the references to OAC 5160-1-71 and 5160-1-72 in paragraphs (D)(1)(b), (E)(1)(a), (H)(1) and (I)(1). Lastly, the public hearing notice has been amended to reflect these changes.

## **II. Fiscal Analysis**

- 11. As a result of this proposed rule, please estimate the increase / decrease in revenues or expenditures affecting this agency, or the state generally, in the current biennium or future years. If the proposed rule is likely to have a different fiscal effect in future years, please describe the expected difference and operation.**

This will increase expenditures.

\$908,514,682

This rule proposal will increase expenditures by an estimated \$394,467,705 in State Fiscal Year 2020 and an estimated \$514,046,977 in State Fiscal Year 2021.

This rule does not impose a regulation fee.

- 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

### **III. Common Sense Initiative (CSI) Questions**

15. Was this rule filed with the Common Sense Initiative Office? No
16. 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

This rule does not have an adverse impact and will not reduce the revenue or increase expenses of the line of business to which the rule applies.