

**MEMORANDUM**

TO: Tom Sico, Bureau of Workers' Compensation

FROM: Paula Steele, Regulatory Policy Advocate

DATE: November 14, 2013

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 one Bureau of Workers' Compensation (BWC) amended draft rule that establishes the methodology for determining fees paid by the Bureau to providers of inpatient hospital services for injured workers. The rule currently exists and is being updated as part of a required annual update. The CSI office reviewed this rule and issued a recommendation on November 19, 2012, concluding that the Bureau should proceed with the formal filing of this rule package with the Joint Committee on Agency Rule Review

This rule package was filed with the CSI Office on September 5, 2013 with a public comment period ending on September 30, 2013. No public comments were received during the public comment period.

Amendments to the proposed rule along with assurances from the Bureau alleviate stakeholders' primary concern over the Bureau's ability and willingness to edit Disproportionate Share Hospital (DSH) adjustment amounts to keep pace with the timing of Medicare's adoption of the new DSH formula during the year, which could reduce the Bureau's allotment as compared to Medicare's

by up to 75 percent.

As was discussed last year, some of the stakeholders' concerns remain regarding the general use of the complex Medicare formulas used to determine hospital costs. The Bureau and stakeholders have acknowledged the importance of collaboratively executing a plan to evaluate alternatives; however, tangible discussions addressing the issue have not yet occurred.

After reviewing the proposed rule and the associated BIA, the CSI Office has determined that the rule satisfactorily meets the standards espoused by the CSI Office, and the purpose of the rule is justified.

Recommendations

For the reasons described above, the CSI Office makes the following recommendation for this rule package:

1. Formulate a timeline and document a plan to explore with stakeholders alternative methodologies for determining hospital costs.

Conclusion

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

Cc: Stephen Buehrer, Administrator/CEO, Ohio Bureau of Workers' Compensation
Mark Hamlin, Lt. Governor's Office