

BWC 2010 Proposed Hospital Inpatient Services Reimbursement Rule

This is to announce that BWC is proposing to adopt revisions to the current Hospital Inpatient Services Payment Rule 4123-6-46 effective February 1, 2010. Below is a summary of the changes being proposed by BWC. Additionally, the proposed rule itself, reflecting all proposed changes is included on pages 2 and 3.

Summary of Proposed Changes

Ohio Administrative Code 4123-6-37.1 currently incorporates by reference 42 Code of Federal Regulations (C.F.R.) Part 412 as published in the October 1, 2008 C.F.R., as well as Federal Register citations to the 2008 Medicare regulations under which the applicable MS-DRG reimbursement rate was determined during the last Medicare fiscal year. BWC is proposing to revise the Federal Register citations to the 2009 regulations, and the 42 CFR Part 412 citation to that published in the October 1, 2009 C.F.R.

BWC is proposing to keep the amount reimbursed to hospitals at one hundred twenty percent (120%) of the applicable MS-DRG, as under the current rule. BWC is also proposing to calculate the per diem rates for direct graduate medical education annually every February 1, to be consistent with the effective date of the rule. Outliers shall continue to be reimbursed at one hundred seventy-five percent (175%) of the applicable MS-DRG reimbursement rate for the hospital inpatient service.

MS-DRG exempt hospitals who submitted a 2008 cost report to the Ohio Department of Job and Family Services (ODJFS) shall continue to be reimbursed at seventy percent (70%) of billed charges; MS-DRG exempt hospitals who did not submit a 2008 cost report to ODJFS shall continue to be reimbursed at sixty-two percent (62%) of billed charges.

The proposed rule would also clarify that a QHP or self-insuring employer may reimburse hospital inpatient services at:

- the applicable rate under the or “MS-DRG” methodology; or
- seventy percent (70%) of billed charges for hospitals who submitted a 2008 cost report to ODJFS, and sixty-two percent (62%) of billed charges for hospitals who did not submit a 2008 cost report to ODJFS; or
- the rate negotiated between the hospital and the QHP or self-insuring employer in accordance with rule 4123-6-46 of the Administrative Code.

Finally, BWC proposes to make the new hospital inpatient reimbursement rule applicable to hospital inpatient services with a discharge date of February 1, 2010 or later.

BWC 2010 Proposed Hospital Inpatient Services Reimbursement Rule

4123-6-37.1 Payment of hospital inpatient services.

(A) HPP:

Unless an MCO has negotiated a different payment rate with a hospital pursuant to rule ~~4123-6-08~~ 4123-6-10 of the Administrative Code, reimbursement for hospital inpatient services with a discharge date of February 1, ~~2009~~, 2010 or after shall be as follows:

~~(A)~~(1) Reimbursement for hospital inpatient services, other than outliers as defined in paragraph (C) of this rule or services provided by hospitals subject to reimbursement under paragraph (D) of this rule, shall be equal to one hundred twenty per cent of the applicable medicare severity diagnosis related group (MS-DRG) reimbursement rate for the hospital inpatient service under the medicare inpatient prospective payment system.

~~(B)~~(2) In addition to the payment specified by paragraph (A) of this rule, hospitals operating approved graduate medical education programs and receiving additional reimbursement from medicare for costs associated with these programs shall receive an additional per diem amount for direct graduate medical education costs associated with hospital inpatient services reimbursed by the bureau. Hospital specific per diem rates for direct graduate medical education shall be calculated annually by the bureau effective ~~January~~ February 1 of each year, using the most current cost report data available from the ~~Centers for Medicare and Medicaid Services~~ centers for medicare and medicaid services, according to the following formula:

$1.20 \times [(\text{total approved amount for resident cost} + \text{total approved amount for allied health cost}) / \text{total inpatient days}] = \text{direct graduate medical education per diem.}$

Direct graduate medical education per diems shall not be applied to outliers as defined in paragraph (C) of this rule or services provided by hospitals subject to reimbursement under paragraph (D) of this rule.

~~(C)~~(3) Reimbursement for outliers as determined by medicare's inpatient prospective payment system outlier methodology shall be equal to one hundred seventy-five per cent of the applicable medicare severity diagnosis related group (MS-DRG) reimbursement rate for the hospital inpatient service under the medicare inpatient prospective payment system.

~~(D)~~(4) Reimbursement for inpatient services provided by hospitals and distinct-part units of hospitals designated by the medicare program as exempt from the medicare inpatient prospective payment system shall be determined as follows:

~~(4)~~(a) For Ohio hospitals who submitted a hospital cost report (JFS 02930) to the Ohio department of job and family services for the ~~2007~~ 2008 state fiscal year, reimbursement shall be equal to the hospital's allowable billed charges multiplied by the hospital's reported facility inpatient cost-to-charge ratio (from schedule B, line 101 of the hospital cost report) plus twelve percentage points, not to exceed seventy per cent of the hospital's allowed billed charges.

~~(2)~~(b) For Ohio hospitals who did not submit a hospital cost report (JFS 02930) to the Ohio department of job and family services for the ~~2007~~ 2008 state fiscal year and for out-of-state hospitals, reimbursement shall be equal to sixty-two per cent of the hospital's allowed billed charges.

~~(E)(5)~~ For purposes of this rule, the "applicable medicare severity diagnosis related group (MS-DRG) reimbursement rate" or "value" shall be determined in accordance with the medicare program established under Title XVIII of the Social Security Act, 79 Stat. 286 (1965), 42 U.S.C. 1395 et seq. as amended, excluding 42 U.S.C. 1395ww(d)(4)(D), as implemented by the following materials, which are incorporated by reference:

~~(1)(a)~~ 42 C.F.R. Part 412 as published in the October 1, ~~2008~~ 2009 Code of Federal Regulations;

~~(2)(b)~~ Department of health and human services, centers for medicare and medicaid services' "~~42 C.F.R. Parts 411, 412, 413, 422, and 489 Medicare Program; Changes to the Hospital Inpatient Prospective Payment Systems and Fiscal Year 2009 Rates; Payments for Graduate Medical Education in Certain Emergency Situations; Changes to Disclosure of Physician Ownership in Hospitals and Physician Self-Referral Rules; Updates to the Long-Term Care Prospective Payment System; Updates to Certain IPPS-Excluded Hospitals; and Collection of Information Regarding Financial Relationships Between Hospitals; Final Rule,~~" 73 Fed. Reg. 48434-01 (2008) "42 CFR Parts 412, 413, 415, et al. Medicare Program; Changes to the Hospital Inpatient Prospective Payment Systems for Acute Care Hospitals and Fiscal Year 2010 Rates; and Changes to the Long Term Care Hospital Prospective Payment System and Rate Years 2010 and 2009 Rates; Final Rule," 74 Fed. Reg. 43754 (2009).

~~(3)~~ Department of health and human services, centers for medicare and medicaid services' "~~Medicare Program; Hospital Inpatient Prospective Payment Systems and Fiscal Year 2009 Rates; Final Fiscal Year 2009 Wage Indices and Payment Rates Including Implementation of Section 124 of the Medicare Improvement for Patients and Providers Act of 2008,~~" 73 Fed. Reg. 57888-01 (2008).

(B) QHP or self-insuring employer (non-QHP):

A QHP or self-insuring employer may reimburse hospital inpatient services at:

(1) The applicable rate under the methodology set forth in paragraph (A) of this rule; or

(2)(a) For Ohio hospitals who submitted a hospital cost report (JFS 02930) to the Ohio department of job and family services for the 2008 state fiscal year, the hospital's allowable billed charges multiplied by the hospital's reported facility inpatient cost-to-charge ratio (from schedule B, line 101 of the hospital cost report) plus twelve percentage points, not to exceed seventy per cent of the hospital's allowed billed charges;

(2)(b) For Ohio hospitals who did not submit a hospital cost report (JFS 02930) to the Ohio department of job and family services for the 2008 state fiscal year and for out-of-state hospitals, sixty-two per cent of the hospital's allowed billed charges; or

(3) The rate negotiated between the hospital and the QHP or self-insuring employer in accordance with rule 4123-6-46 of the Administrative Code.

Promulgated Under: 119.03

Statutory Authority: 4121.12, 4121.30, 4121.31, 4123.05

Rule Amplifies: 4121.121, 4121.44, 4121.441, 4123.66

Prior Effective Dates: 1/1/07, 4/1/07, 1/1/08, 2/01/09