

If total per <sup>diem</sup> ~~them~~ DRG payment exceeds regular DRG payment, reimbursement is limited to the regular DRG amount.

- b. **Readmissions Within One Day:** All readmissions within one day of discharge are considered as one discharge for payment purposes.

Rule 5101:3-2-0711 of Appendix A details special payment provisions.

7. **Rate Redetermination**

At the start of each succeeding state fiscal year, payment rates are inflated unless other revised payment methods are introduced (e.g., rebasing of prices and/or recalibration of weights).

Payment rates can be recalculated during a rate year in certain instances. If, for example hospitals are reclassified among peer groups, the peer group ACD will be recalculated if such recalculation would result in a two percent change. Similarly, if the use of revised or corrected hospital data would result in a two percent change, the peer group ACD will be recalculated.

Rule 5101:3-2-078 details provisions regarding rate redetermination.

C. **Audits and Appeals**

Audits are performed for hospital services subject to reasonable cost reimbursement to determine reasonable and allowable costs. Under payments or overpayments are adjusted through settlement. For hospital services subject to PPS, audits are performed to determine reasonable and allowable base year costs and discharge statistics; to determine whether, overall, payments exceeded charges; to verify that services billed were provided and provided to eligible recipients; and to determine whether third party payments received were reported.

In general, hospitals may request reconsideration of payment rates if they believe source data used by the department is inaccurate. Certain components of rate calculation are excluded from reconsideration in order to preserve the predictability of the prospective payment system (e.g., statewide calculation of means used to set thresholds for medical education disallowance and peer group ACD calculations after the end of the second rate year following implementation of revised peer group ACDs).

TN No. 00-001 Approval Date: \_\_\_\_\_  
Supersedes  
TN No. 98-07 Effective Date: 2-1-00

Rule 5101:3-2-24 of Appendix A details audit provisions for hospital services subject to and excluded from PPS.

Rules 5101:3-2-078, 5101:3-2-0712 and 5101:3-2-24 of Appendix A detail appeal and reconsideration procedures for hospitals related to auditing and rate-setting determinations.

**D. Cost Reports**

All Ohio hospitals and all non-Ohio hospitals with gross billings exceeding \$500,000 within a reporting period are required to submit cost reports.

Rule 5101:3-2-23 of Appendix A describes cost reporting requirements.

**E. Appendix A**

In general Appendix A details the provisions summarized in Section (1) of this Attachment and provides additional detail on related policies which can affect reimbursement.

TN No. 00-001  
Supersedes  
TN No. 98-07

Approval Date: MAY 23 2008  
Effective Date: 2-1-00

## LEGAL NOTICE

### STATE OF OHIO DEPARTMENT OF HUMAN SERVICES

Pursuant to Section 5111.02 and Chapter 119 of the Ohio Revised Code, the Director of the Department of Human Services gives notice of the department's intent to amend rules 5101:3-2-071 and 5101:3-2-073 on a permanent basis and of a public hearing. The department seeks to amend these rules in order to update rules pertaining to DRG payments.

Rule 5101:3-2-41 entitled "Guidelines for preadmission certification" has been proposed for rescission. Language from this rule has been incorporated in the proposed rule 5101:3-2-40. The new rule 5101:3-2-40 entitled "Precertification review" describes the preadmission certification review program for inpatient and outpatient hospital services. Rule 5101:3-2-42 entitled "Reimbursement for elective care subject to precertification review" sets forth the procedure that must be followed for reimbursement for elective care that is subject to the precertification review program. These rules reflect a streamlined hospital precertification process. These rules do not impact hospital rates.

A copy of the proposed rules is available for review at <http://www.state.oh.us/odhs/legal/index.htm>. A copy of the proposed rule is available without charge to any person at the address listed below. A public hearing on these rule will be held on November 16, 1999 at 10:00 A.M. in Room 1845, 30 E. Broad Street, Columbus, Ohio. Either written or verbal testimony on the proposed rule will be taken at the public hearing. Additionally, written comments submitted or postmarked no later than November 16, 1999 will be treated as testimony.

Requests for a copy of the proposed rules or comments on them should be submitted by mail to "Ohio Department of Human Services, Office of Legal Services, 30 East Broad Street, 31st Floor, Columbus, Ohio 43266-0423", by fax at (614) 752-8298, or by e-mail at "public\_records@odhs.state.oh.us". Written comments may be reviewed at the department at the address listed above.

## LEGAL NOTICE

### STATE OF OHIO DEPARTMENT OF HUMAN SERVICES

Pursuant to Section 5111.02 and Chapter 119 of the Ohio Revised Code, 42 CFR 447.205 and Section 1902 (A)(13)(A) of the Social Security Act the Director of the Department of Human Services gives notice of the department's intent to amend rule 5101:3-2-0711 on a permanent basis and of a public hearing. The department seeks to amend this rule in order to update rules pertaining to DRG payments.

Rule 5101:3-2-0711 entitled "Payment Methodology" describes the inpatient hospital prospective payment system and was updated to reflect the implementation of the Grouper 15 payment software on February 1, 2000. The department currently uses the Grouper 10 software for the payment of inpatient hospital claims.

A copy of the proposed rules is available for review at <http://www.state.oh.us/odhs/legal/index.htm>. A copy of the proposed rule is available without charge to any person at the address listed below. A public hearing on these rule will be held on December 20, 1999 at 10:00 in Room 1865, 30 E. Broad Street, Columbus, Ohio. Either written or verbal testimony on the proposed rule will be taken at the public hearing. Additionally, written comments submitted or postmarked no later than December 20, 1999 will be treated as testimony.

Requests for a copy of the proposed rules or comments on them should be submitted by mail to "Ohio Department of Human Services, Office of Legal Services, 30 East Broad Street, 31st Floor, Columbus, Ohio 43266-0423", by fax at (614) 752-8298, or by e-mail at "public\_records@odhs.state.oh.us". Written comments may be reviewed at the department at the address listed above.

**LEGAL NOTICE  
STATE OF OHIO  
DEPARTMENT OF HUMAN SERVICES**

PURSUANT TO SECTIONS 5111.02 AND CHAPTER 119. OF THE OHIO REVISED CODE AND 42 CFR 447.205 AND SECTION 1902(a)(13)(A) OF THE SOCIAL SECURITY ACT, THE DIRECTOR OF THE DEPARTMENT OF HUMAN SERVICES GIVES NOTICE OF THE DEPARTMENT'S INTENT TO AMEND RULE 5101:3-2-074 ON A PERMANENT BASIS AND OF A PUBLIC HEARING THEREON.

Rule 5101:3-2-074 entitled "Basic methodology for determining prospective payment rates" describes the methodology for determining prospective payment rates for inpatient hospital services and sets the annual inflationary update. This rule is being proposed for amendment to provide the inpatient inflationary update effective January 1, 2000.

The amended rule inflates inpatient hospital rates for hospitals subject to the DRG prospective payment system by one percent for the rate period beginning January 1, 2000. The proposed rates are available upon request by calling the Hospital Unit of the Bureau of Medicaid Policy at 614-466-6420.

A copy of the proposed rule is available for review in each county department of human services and also at <http://www.state.oh.us/odhs/legal/index.htm>.

A copy of the rules is available for review in each county department of human services. A copy of the rules is also available without charge at the address listed below. A public hearing on the proposed rules will be held on November 16, 1999 at 11:00 A.M. until all testimony is heard in Room 1845, 30 East Broad Street, Columbus, Ohio. Either written or verbal testimony on the proposed rules will be taken at the public hearing. Additionally, written comments submitted or postmarked no later November 16, 1999 will be treated as testimony.

Requests for a copy of the rules or comments on them should be submitted by mail to "Ohio Department of Human Services, Office of Legal Services, 30 East Broad Street, 31st Floor, Columbus, Ohio 43266-0423", by fax at (614) 752-8298, or by e-mail at "public\_records@odhs.state.oh.us". Written comments may be reviewed at the Department at the address listed above.

Disproportionate Share and Indigent Care for General Hospitals

This Section applies to all general hospitals eligible to participate in medicaid who do not meet the criteria in paragraphs (B), (C) and (D) of Rule 5101:3-2-01.

A. SOURCE DATA FOR CALCULATIONS

The calculations described in determining disproportionate share hospitals and in making disproportionate share and indigent care payments will be based on data provided in annual cost reports submitted to the department under the provisions of Rule 5101:3-2-23 and data reported by the health care financing administration (HCFA) on Medicare days and SSI days. The cost reports used will be for the hospital's COST reporting period ending in state fiscal year **1998**. If specific program data is not available from these reports, the otherwise most recent, reviewed, cost report information will be used. The HCFA data used will be as reported by HCFA for federal fiscal year **1997**.

B. DETERMINATION OF DISPROPORTIONATE SHARE HOSPITALS

The department makes additional payments to hospitals that qualify for a disproportionate share adjustment. Hospitals that qualify (including childrens and DRG exempt hospitals) are those that meet at least one of the criteria described under (1) and (2) below, and that also meet the criteria described under (3) below:

1. Have a medicaid utilization rate greater than or equal to one percent.
2. Have a low income utilization rate in excess of 25 percent, where low income utilization rate is:

Medicaid payments + Cash subsidies for patient services  
received directly from state and local government  
 Total hospital revenues  
 (including cash subsidies for patient services received  
 directly from state and local governments)

+

Total charges for inpatient services for charity care  
 Total charges for inpatient services

TN No. 99-007  
 Supersedes  
 TN No. 98-14

Approval Date: OCT 08 1999  
 Effective Date: 8-12-99

3. Have at least two obstetricians who have staff privileges at the hospital and who have agreed to provide obstetric services to individuals who are entitled to Medicaid, except that:
  - i. The provisions of (3) do not apply to hospitals the inpatients of which are predominantly individuals under 18 years of age; or
  - ii. The provisions of (3) do not apply if the hospital does not offer non-emergency obstetric services to the general population as of December 22, 1987; or
  - iii. In the case of hospitals located in a rural area (as defined for purposes of Section 1886 of the Social Security Act), the term "obstetrician" includes any physician with staff privileges at the hospital to perform non-emergency obstetric procedures.

Hospitals that do not qualify for a disproportionate share adjustment receive additional payments in the form of an indigent care adjustment.

#### C. DISPROPORTIONATE SHARE AND INDIGENT CARE POOL

The disproportionate share and indigent care pool are created in compliance with the Medicaid Voluntary Contribution and Provider Specific Tax Amendments of 1991 and the regulations issued in the August 13, 1993 Federal Register. Furthermore, it is an assurance of this plan that the amount of payments made to disproportionate share hospitals will not exceed, in the aggregate, the limits prescribed under subparagraph (f) of Section 1923.

#### D. DISPROPORTIONATE SHARE AND INDIGENT CARE PAYMENTS

For purposes of distributing disproportionate share and indigent care payments, FIVE groups of hospitals have been developed. The overall pool described in (C) above is distributed among the FIVE hospital groups based on each group's historic share in the provision of statewide indigent care.

For purposes of distributing disproportionate share and indigent care payments, each hospital is classified into one of FIVE groups. The FIVE groups are identified in paragraphs (D)(1) to (D)(5) below.

- (1) HOSPITAL CARE ASSURANCE GROUP ONE INCLUDES ALL CHILDRENS HOSPITALS AND HOSPITALS WITH A RATIO OF TOTAL MEDICAID COSTS TO TOTAL FACILITY COSTS GREATER THAN EIGHTY PER CENT. THIS GROUP IS EQUAL TO THE INDIGENT CARE POOL DESCRIBED IN PARAGRAPH (C) MULTIPLIED BY A FACTOR OF 0.098655.

TN No. 99-007 Approval Date: OCT 08 1999  
 Supersedes  
 TN No. 98-14 Effective Date: 8-12-99

- (2) HOSPITAL CARE ASSURANCE GROUP TWO INCLUDES ALL HOSPITALS WITH ADJUSTED TOTAL FACILITY COSTS GREATER THAN OR EQUAL TO ONE HUNDRED MILLION DOLLARS. THIS GROUP IS EQUAL TO THE INDIGENT CARE POOL DESCRIBED IN PARAGRAPH (C) MULTIPLIED BY A FACTOR OF 0.564932.
- (3) HOSPITAL CARE ASSURANCE GROUP THREE INCLUDES ALL HOSPITALS WITH ADJUSTED TOTAL FACILITY COSTS LESS THAN ONE HUNDRED MILLION DOLLARS TO GREATER THAN OR EQUAL TO FIFTY MILLION DOLLARS. THIS GROUP IS EQUAL TO THE INDIGENT CARE POOL DESCRIBED IN PARAGRAPH (C) MULTIPLIED BY A FACTOR OF 0.166427.
- (4) HOSPITAL CARE ASSURANCE GROUP FOUR INCLUDES ALL HOSPITALS WITH ADJUSTED TOTAL FACILITY COSTS LESS THAN FIFTY MILLION DOLLARS TO GREATER THAN OR EQUAL TO TWENTY-FIVE MILLION DOLLARS. THIS GROUP IS EQUAL TO THE INDIGENT CARE POOL DESCRIBED IN PARAGRAPH (C) MULTIPLIED BY A FACTOR OF 0.107795.
- (5) HOSPITAL CARE ASSURANCE GROUP FIVE INCLUDES ALL HOSPITALS WITH ADJUSTED TOTAL FACILITY COSTS LESS THAN TWENTY-FIVE MILLION DOLLARS. THIS GROUP IS EQUAL TO THE INDIGENT CARE POOL DESCRIBED IN PARAGRAPH (C) MULTIPLIED BY A FACTOR OF 0.062191.

(E) DISTRIBUTION FORMULAS FOR INDIGENT CARE PAYMENT POOLS.

- (1) Hospitals meeting the high federal disproportionate share hospital definition, that is a ratio of total Medicaid days and Medicaid MCP days to total days that is greater than the statewide mean ratio of total Medicaid days and Medicaid MCP days to total days plus one standard deviation, are eligible to receive funds from the high federal disproportionate share indigent care payment pool. Funds are distributed to hospitals which meet this definition within each hospital care assurance group according to the following formula.
  - (a) For each hospital that meets the definition of high disproportionate share in each of the hospital care assurance groups, calculate the ratio of the hospital's total Medicaid costs and total Medicaid MCP costs to the sum of total Medicaid costs and Medicaid MCP costs for all hospitals in each hospital care assurance group that meet the definition of high federal disproportionate share described in paragraph (E)(1).
  - (b) For each hospital in the hospital care assurance groups, multiply the ratio calculated in paragraph (E)(1)(a) by the corresponding hospital care assurance

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Approval Date: OCT 08 1999

Effective Date: 8-12-99

group amounts in paragraph (F) to determine each hospital's federal high disproportionate share hospital payment amount.

- (2) Hospitals within the hospital care assurance groups are eligible to receive funds from the Medicaid indigent care payment pool according to the following formulas.
- (a) For each hospital within the hospital care assurance group, calculate Medicaid shortfall by subtracting from total medicaid costs total Medicaid payments. For hospitals with a negative Medicaid shortfall, the Medicaid shortfall amount is equal to zero.
  - (b) For each hospital within the hospital care assurance group, sum the hospital's Medicaid shortfall, total Medicaid costs, total Medicaid MCP costs, and total Title V costs.
  - (c) For all hospitals within the hospital care assurance group, sum all hospitals Medicaid shortfall, total Medicaid costs, total Medicaid MCP costs, and total Title V costs.
  - (d) For each hospital within the hospital care assurance group, calculate the ratio of the amount in paragraph (E)(2)(b) to the amount in paragraph (E)(2)(c).
  - (e) For each hospital within the hospital care assurance group, multiply the ratio calculated in paragraph (E)(2)(d) by the amount in paragraph (F) which corresponds to the hospital care assurance group to determine each hospital's Medicaid indigent care payment amount.
- (3) Hospitals within the hospital care assurance groups are eligible to receive funds from the general disability assistance medical and uncompensated care under one hundred per cent indigent care payment pool.
- (a) For each hospital within the hospital care assurance group, sum total disability assistance medical costs and total uncompensated care costs under one hundred per cent.
  - (b) For all hospitals within the hospital care assurance group, sum total disability assistance medical costs and total uncompensated care costs under one hundred per cent.
  - (c) For each hospital within the hospital care assurance group, calculate the ratio of the amount in paragraph (E)(3)(a) to the amount in paragraph (E)(3)(b).
  - (d) For each hospital within the hospital care assurance group, multiply the ratio calculated in paragraph (E)(3)(c) by the corresponding amount in paragraph (F) to determine each hospital's disability assistance medical and

TN No. 99-007  
 Supersedes  
 TN No. 98-14

Approval Date: OCT 08 1999  
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uncompensated care under one hundred per cent indigent care payment amount.

- (4) Hospitals in hospital care assurance group one are eligible to receive funds from the children's hospital indigent care payment pool.
  - (a) For each hospital in hospital care assurance group one, sum the hospital's total Medicaid costs and total Medicaid MCP costs.
  - (b) For all hospitals in hospital care assurance group one, sum all hospitals total Medicaid costs and total Medicaid MCP costs.
  - (c) For each hospital in hospital care assurance group one, calculate the ratio of the amount in paragraph (E)(4)(a) to the amount in paragraph (E)(4)(b).
  - (d) For each hospital in hospital care assurance group one, multiply the ratio calculated in paragraph (E)(4)(c) by the amount in paragraph (F) to determine each hospital's children's hospital indigent care payment amount.

**(F) DISTRIBUTION OF FUNDS WITHIN EACH HOSPITAL CARE ASSURANCE GROUP.**

The funds designated to each hospital care assurance group described in paragraph (D) are distributed among the hospitals in each group in paragraphs (F)(1) to (F)(5) according to indigent care payment pool formulas described in paragraphs (E)(1) to (E)(4).

- (1) Funds are distributed to the hospitals in hospital care assurance group one according to the following.
  - (a) HOSPITALS MEETING THE HIGH FEDERAL DISPROPORTIONATE SHARE HOSPITAL DEFINITION DESCRIBED IN PARAGRAPH (E)(1) SHALL RECEIVE FUNDS FROM THE HIGH FEDERAL DISPROPORTIONATE SHARE INDIGENT CARE PAYMENT POOL. THIS POOL IS EQUAL TO THE HOSPITAL CARE ASSURANCE GROUP ONE AMOUNT DESCRIBED IN PARAGRAPH (D)(1) OF THIS RULE MULTIPLIED BY A FACTOR OF 0.102356.
  - (b) HOSPITALS IN HOSPITAL CARE ASSURANCE GROUP ONE SHALL RECEIVE FUNDS FROM THE MEDICAID INDIGENT CARE PAYMENT POOL. THIS POOL IS EQUAL TO THE AMOUNT DESCRIBED IN PARAGRAPH (D)(1) MULTIPLIED BY A FACTOR OF 0.410546.
  - (c) HOSPITALS IN HOSPITAL CARE ASSURANCE GROUP ONE SHALL RECEIVE FUNDS FROM THE DISABILITY ASSISTANCE MEDICAL AND

TN No. 99-007 Approval Date: **OCT 08 1999**  
 Supersedes  
 TN No. 98-14 Effective Date: 8-12-99