

Methods and Standards for Establishing Payment Rates

1. Inpatient Hospital Services

See Attachment 4.19-A

TNS # 90-38
SUPERSEDES
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APPROVAL DATE 10-12-90
EFFECTIVE DATE 7/1/90

Methods and Standards for Establishing Payment Rates

2-a. Outpatient Hospital Services

Outpatient hospital services shall be based upon fee-schedule payments and prospectively determined rates for procedures performed in the outpatient hospital setting. Fee-schedule payments based upon Physician's Current Procedural Terminology (CPT) codes are established for most outpatient hospital procedures. Reimbursement for some outpatient hospital services such as dialysis, chemotherapy, emergency room trauma treatment, and procedures defined as unlisted in the CPT coding scheme are based upon a fixed percent-of-charges.

Outpatient hospital services PROVIDED PRIOR TO SEPTEMBER 3, 1991 AND PAID NO LATER THAN OCTOBER 31, 1991 are subject to a modified cost-settlement principle in that a risk corridor has been established. This risk corridor has the effect of limiting variance from cost reimbursement for all services except radiology, laboratory, and At-Risk pregnancy services to no lower than the lesser of total charges or 85 percent of costs and to no higher than the lesser of total charges of 100 percent of costs. Hospitals that are paid under the prospectively set fee schedule system between these ranges will receive total reimbursement at the lower of charges or prospective payment rates. In all instances, payment for radiology and laboratory and At-Risk pregnancy services will be the lesser of the charges for the procedure or the fee-schedule payment for the procedure, and these payments are not subject to the risk corridor provisions. The provisions of the risk corridor WILL BE operated BY year END as well as at settlement.

2-b. Services billed by a RHC are reimbursed through an all-inclusive rate, determined by Medicare, cost related reimbursement system. All RHC services are to be billed on the all inclusive rate basis and include laboratory services furnished by the clinic.

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Federally Qualified Health Center (FQHC) Services

Eligible providers of FQHC services are those entities receiving 329, 330 or 340 Public Health Services grants or a facility determined by the U.S. Secretary of Health and Human Services to be an FQHC. In order for the department to recognize a facility as an FQHC, the entity must forward to the department documentation that service sites are providing services in accordance the provisions of 329, 330 or 340 of the Public Health Service Act.

Description of the Ohio FQHC program is accomplished in this State Plan by identifying in rule which services are covered (5101:3-28-02); by specifying limitations and coverage policies that govern the services which are FQHC services (5101:3-28-03); by identifying how covered services are to be billed (5101:3-28-04); and by describing how reimbursement will be determined (5101:3-28-05).

The plan covers all the services listed in Section 1861(aa) (A, (B) and (C) of the Act, including drugs and biologicals referenced in 1861(S) (10) (A) and (B) of the Act. The language found in 3-28-02(A) (02) of the rule allows services and supplies furnished as "incident to the professional services" to be a covered service. The cost of such services is used to help build the encounter rates.

Ohio has specifically identified the services it will cover in rule. Rule 5101:3-28-02 identifies the core services in (A) (1) to (A) (3) and the other covered ambulatory services are identified in paragraph (B) of the same rule. The other ambulatory services which are covered are physical therapy, speech pathology, audiology, dental, podiatry, optometric, optician, chiropractic and transportation services. Services such as EPSDT, laboratory, radiology and Ohio's At-Risk Pregnancy program are part of Ohio's physician program. These are services are automatically incorporated into the FQHC program by reference to Chapter 5101:3-4, the physician chapter of rules (See Rule 5101:3-28-03.)

Services that are not routinely covered in Ohio's Medicaid program may be approved by the department if the services are determined to be medically necessary by the department. This coverage, since it effects all Medicaid patients, is broader than what is required by the OBRA 90 EPSDT provisions.

"Off site" services are billable and may be treated as part of an FQHC service site's costs if there are less than 5,000 total encounters that occur at the "off site" location. Should there be more than 5,000 total encounters at the "off site" location there would need to be a separate cost report and the site would need to meet the eligibility requirements in rule 5101:3-28-01. FQHC encounters which take place in a patient's home or hospital are billable and the cost of providing such services is included in the FQHC site's costs. Rule 5101:3-28-02(A) (1) allows services to be provided "off site." Rule 5101:3-28-05(G) requires that a separate cost report for sites that have 5,000 or more total encounters. Rule 5101:3-28-04 allows FQHC services to be billed when the service occurs at a service site, a patient's home, or a hospital.

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Federally Qualified Health Center (FQHC) Services (Continued)

The FQHC definition for encounter is a face-to-face contact between a patient and provider of core or non-core services as defined in 5101:3-28-04(B). Rule 5101:3-28-04(C) allows for multiple encounters on the same day if the encounters are with different provider types. In essence these provider types are centers for direct and indirect cost allocation purposes and a separate rate is established for each. There is a separate definition for billable transportation services. The service types/cost centers are as follows:

1. Medical Services
2. Clinical Social Worker
3. Physical Therapy
4. Speech Pathology and Audiology
5. Dental
6. Podiatry
7. Optometric/Optician
8. Chiropractor
9. Transportation

Ohio uses an FQHC's allowable and reasonable costs for the provision of covered services divided by the number of billable encounters to determine each FQHC's reimbursement rate(s). A separate rate would be developed for each of the nine service types/cost centers previously mentioned. Allowable costs are subject to a 30 percent ceiling for administrative, general and overhead costs; and, a \$30,000 exemption to the 30 percent ceiling is provided for physician recruitment costs. Also, reported costs are subject to efficiency standards for each cost center/type of service, and transportation is limited to \$15.00 per one way trips to an FQHC service. To determine an interim payment rate, allowable and reasonable costs are divided by total encounters. The interim rate is subject to the Federally Funded Health Center (FFHC) cap plus \$1.00 if the FQHC provides At-Risk Pregnancy services.

FQHCs are interim settled based upon the cost report for the year being settled. New rates, based upon actual costs for the time period, are determined. These rates are then used to determine urban and rural means for each service; the means are multiplied by regional wage index factors on a site by site basis. The Medicare FFHC cap (plus \$1.00 for At-Risk Pregnancy services) is compared to the wage indexed mean. The final cap for settlement purposes is the higher of the FFHC cap or the wage indexed mean. The FQHC will be reimbursed either its allowable rate if below the cap or the cap if the allowable rate exceeds the cap.

The rules for the FQHC program are included as Appendix A.

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5101:3-28-01 ELIGIBILITY.

- (A) **FEDERALLY QUALIFIED HEALTH CENTER (FOHC) ELIGIBILITY IS DETERMINED IN TWO WAYS.**
- (1) **AN ENTITY RECEIVING A GRANT UNDER SECTION 329, 330, OR 340 OF THE PUBLIC HEALTH SERVICE ACT IS AN FOHC.**
 - (2) **A FACILITY DETERMINED BY THE U.S. SECRETARY OF HEALTH AND HUMAN SERVICES TO BE AN FOHC.**
- (B) **AN FOHC, AS DETERMINED IN ACCORDANCE WITH PARAGRAPH (A) (1) OF THIS RULE, MUST DOCUMENT TO ODHS THAT SERVICE SITES ARE PROVIDING SERVICES IN ACCORDANCE WITH THE PROVISIONS OF 329, 330, OR 340 OF THE PUBLIC HEALTH SERVICES ACT. THIS MAY BE DONE IN SEVERAL WAYS.**
- (1) **THE VARIOUS SERVICE SITES ARE IDENTIFIED IN THE GRANT PROPOSAL/AMENDMENT AND AWARD.**
 - (2) **PUBLIC HEALTH SERVICES IDENTIFIES TO THE FOHC THAT A SERVICE SITE NOT INCLUDED IN THE GRANT IS OPERATED IN ACCORDANCE WITH THE APPROPRIATE PROVISIONS OF THE PUBLIC HEALTH SERVICES ACT.**
- (C) **SERVICE SITES QUALIFYING FOR FOHC REIMBURSEMENT UNDER PARAGRAPH (A) (2) OF THIS RULE MUST SUBMIT TO ODHS A COPY OF THE U.S. SECRETARY OF HEALTH AND HUMAN SERVICES CONFIRMATION LETTER.**
- (D) **AN FOHC, AS DETERMINED IN ACCORDANCE WITH PARAGRAPH (A) (1) OF THIS RULE, WILL BE REIMBURSED AS AN FOHC EFFECTIVE JANUARY 1, 1991. AN FOHC, AS DETERMINED IN ACCORDANCE WITH PARAGRAPH (A) (2) OF THIS RULE, WILL BE REIMBURSED AS AN FOHC FOR SERVICES PROVIDED ON AND AFTER THE DATE THE U.S. SECRETARY OF HEALTH AND HUMAN SERVICES APPROVAL IS RECEIVED BY ODHS.**

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JOINT COMMITTEE
ON AGENCY RULE REVIEW

EFFECTIVE DATE: APR 10 1991
CERTIFICATION: Kathryn T. Glynn (AS)
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DATE

PROMULGATED UNDER RC SECTION 119.03

STATUTORY AUTHORITY RC SECTION 5111.02

RULE AMPLIFIES RC SECTIONS 5111.01, 5111.02, AND 5111.04

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5101:3-28-02 COVERED SERVICES.

(A) COVERED CORE SERVICES FOR FEDERALLY QUALIFIED HEALTH CENTERS (FOHCS) ARE THOSE:

- (1) SERVICES FURNISHED BY A PHYSICIAN, PHYSICIAN ASSISTANT, NURSE PRACTITIONER, NURSE MIDWIFE, CLINICAL SOCIAL WORKER OR PSYCHOLOGIST WITHIN THE SCOPE OF PRACTICE OF HIS OR HER PROFESSION UNDER STATE LAW, IF THE SERVICES PERFORMED AT THE SERVICE SITE OR THE SERVICES ARE FURNISHED AWAY FROM THE SERVICE SITE AND THERE IS AN AGREEMENT WITH THE FOHC PROVIDING THAT HE OR SHE WILL BE PAID BY THE FOHC FOR SUCH SERVICES. SURGERY PROCEDURES, AS IDENTIFIED IN THE "PHYSICIANS' CURRENT PROCEDURAL TERMINOLOGY," WHEN PERFORMED IN AN INPATIENT HOSPITAL SETTING ARE NOT FOHC SERVICES.
- (2) SERVICES AND SUPPLIES THAT ARE FURNISHED AS AN INCIDENT TO PROFESSIONAL SERVICES FURNISHED BY A PHYSICIAN, PHYSICIAN ASSISTANT, NURSE PRACTITIONER, NURSE MIDWIFE, CLINICAL SOCIAL WORKER OR PSYCHOLOGIST.
- (3) PART-TIME OR INTERMITTENT VISITING NURSE CARE AND RELATED MEDICAL SUPPLIES (OTHER THAN DRUGS AND BIOLOGICALS) IF:
 - (a) THE SERVICE SITE IS LOCATED IN AN AREA IN WHICH THE SECRETARY OF HEALTH AND HUMAN SERVICES HAS DETERMINED THAT THERE IS A SHORTAGE OF HOME HEALTH AGENCIES;
 - (b) THE SERVICES ARE FURNISHED BY A REGISTERED NURSE, A LICENSED PRACTICAL NURSE EMPLOYED BY, OR OTHERWISE COMPENSATED FOR THE SERVICES BY, THE FOHC;
 - (c) THE SERVICES ARE FURNISHED TO A HOMEBOUND INDIVIDUAL; AND

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(d) THE SERVICES ARE FURNISHED UNDER A WRITTEN PLAN OF TREATMENT THAT IS ESTABLISHED AND REVIEWED AT LEAST EVERY SIXTY DAYS BY A SUPERVISING PHYSICIAN OF THE FOHC OR THAT IS ESTABLISHED BY A PHYSICIAN, PHYSICIAN ASSISTANT, NURSE PRACTITIONER, NURSE MIDWIFE AND REVIEWED AND APPROVED AT LEAST EVERY SIXTY DAYS BY A SUPERVISING PHYSICIAN OF THE FOHC.

(B) "COVERED NONCORE SERVICES" ARE THOSE SERVICES, OTHER THAN CORE SERVICES, WHICH INCLUDE THE FOLLOWING:

- (1) PHYSICAL THERAPY SERVICES;
- (2) SPEECH PATHOLOGY AND AUDIOLOGY SERVICES;
- (3) DENTAL SERVICES;
- (4) PODIATRY SERVICES;
- (5) OPTOMETRIC AND/OR OPTICIAN SERVICES;
- (6) CHIROPRACTIC SERVICES; AND
- (7) TRANSPORTATION SERVICES.

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CERTIFICATION: Kathryn T. Glynn (ps)

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DATE

PROMULGATED UNDER RC SECTION 119.03

STATUTORY AUTHORITY RC SECTION 5111.02

RULE AMPLIFIES RC SECTIONS 5111.01, 5111.02, AND 5111.04

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5101:3-28-03 COVERAGE AND LIMITATION POLICIES FOR FEDERALLY QUALIFIED HEALTH CENTERS.

(A) CORE SERVICES.

- (1) "PHYSICIAN SERVICES" ARE THOSE SERVICES IDENTIFIED IN CHAPTER 5101:3-4 OF THE ADMINISTRATIVE CODE. THE LIMITATIONS FOUND IN THE PHYSICIAN CHAPTER ALSO APPLY TO PHYSICIAN SERVICES FURNISHED UNDER THE AUSPICES OF THE FEDERALLY QUALIFIED HEALTH CENTER (FOHC);
- (2) "PHYSICIAN ASSISTANT SERVICES AND NURSE PRACTITIONER SERVICES" ARE THOSE SERVICES IDENTIFIED IN CHAPTER 5101:3-4 OF THE ADMINISTRATIVE CODE. THE LIMITATIONS FOUND IN THE PHYSICIAN CHAPTER ALSO APPLY TO PHYSICIAN ASSISTANT AND NURSE PRACTITIONER SERVICES FURNISHED UNDER THE AUSPICES OF AN FOHC.
- (3) "NURSE MIDWIFE SERVICES" ARE THOSE SERVICES IDENTIFIED IN RULE 5101:3-8-07 OF THE ADMINISTRATIVE CODE. THE LIMITATIONS FOUND IN RULES 5101:3-8-03 AND 5101:3-8-08 OF THE ADMINISTRATIVE CODE ALSO APPLY TO NURSE MIDWIFE SERVICES PROVIDED UNDER THE AUSPICES OF AN FOHC.
- (4) "CLINICAL SOCIAL WORKER AND PSYCHOLOGY SERVICES" ARE THOSE SERVICES IDENTIFIED IN RULE 5101:3-8-02 OF THE ADMINISTRATIVE CODE. FEDERALLY QUALIFIED HEALTH CENTERS SHALL BE ABLE TO BILL MEDICAID FOR THERAPY AND TESTING. THE LIMITATIONS FOUND IN RULES 5101:3-8-02 AND 5101:3-8-03 OF THE ADMINISTRATIVE CODE ALSO APPLY TO CLINICAL SOCIAL WORKER AND PSYCHOLOGY SERVICES PROVIDED UNDER THE AUSPICES OF AN FOHC.
- (5) "SERVICES AND SUPPLIES FURNISHED AS INCIDENT TO PROFESSIONAL SERVICES BY A PHYSICIAN, PHYSICIAN ASSISTANT, NURSE PRACTITIONER, NURSE MIDWIFE, CLINICAL SOCIAL WORKER, OR PSYCHOLOGIST" ARE THOSE SERVICES AND SUPPLIES THAT ARE COMMONLY FURNISHED IN PHYSICIANS' OFFICES; COMMONLY RENDERED WITHOUT CHARGE OR INCLUDED IN THE PHYSICIAN VISIT CHARGE; PROVIDED AS AN INCIDENTAL BUT INTEGRAL PART OF THE PHYSICIAN'S SERVICES PROVIDED UNDER THE DIRECT SUPERVISION OF A PHYSICIAN AS DESCRIBED IN PARAGRAPH (A)(1) OF RULE 5101:3-4-02 OF THE ADMINISTRATIVE CODE; AND, FURNISHED BY AN EMPLOYEE OF THE CLINIC.

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(B) NONCORE SERVICES.

- (1) "PHYSICAL THERAPY SERVICES" ARE THOSE SERVICES IDENTIFIED IN RULE 5101:3-1-60 OF THE ADMINISTRATIVE CODE. THESE SERVICES MUST BE PROVIDED IN ACCORDANCE WITH THE PHYSICAL THERAPY LICENSURE REQUIREMENTS FOUND IN CHAPTER 4755. OF THE REVISED CODE.
- (2) "SPEECH PATHOLOGY AND AUDIOLOGY SERVICES" ARE THOSE SERVICES IDENTIFIED IN RULE 5101:3-1-60 OF THE ADMINISTRATIVE CODE. THESE SERVICES MUST BE PROVIDED IN ACCORDANCE WITH THE LICENSURE REQUIREMENTS FOUND IN CHAPTER 4753. OF THE REVISED CODE.
- (3) "DENTAL SERVICES" ARE THOSE SERVICES IDENTIFIED IN CHAPTER 5101:3-5 OF THE ADMINISTRATIVE CODE. LIMITATIONS FOUND IN THE DENTAL CHAPTER ALSO APPLY TO DENTAL SERVICES RENDERED UNDER THE AUSPICES OF AN FOHC.
- (4) "PODIATRY SERVICES" ARE THOSE SERVICES IDENTIFIED IN CHAPTER 5101:3-7 OF THE ADMINISTRATIVE CODE. LIMITATIONS FOUND IN THE PODIATRY CHAPTER ALSO APPLY TO PODIATRY SERVICES RENDERED UNDER THE AUSPICES OF AN FOHC.
- (5) "OPTOMETRIC AND/OR OPTICIAN SERVICES" ARE THOSE SERVICES IDENTIFIED IN CHAPTER 5101:3-6 OF THE ADMINISTRATIVE CODE. LIMITATIONS FOUND IN THE VISION SERVICES CHAPTER ALSO APPLY TO VISION SERVICES RENDERED UNDER THE AUSPICES OF AN FOHC. SERVICES RENDERED BY AN OPHTHAMALOGIST ARE PHYSICIAN SERVICES AND CONSIDERED A CORE SERVICE.
- (7) "CHIROPRACTIC SERVICES" ARE THOSE SERVICES IDENTIFIED IN RULES 5101:3-8-02 AND 5101:3-8-11 OF THE ADMINISTRATIVE CODE. LIMITATIONS FOUND IN RULES 5101:3-8-02, 5101:3-8-03, AND 5101:3-8-11 OF THE ADMINISTRATIVE CODE ALSO APPLY TO CHIROPRACTIC SERVICES RENDERED UNDER THE AUSPICES OF AN FOHC.

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