(m) Apparel: PPI - textile products and apparel, U.S. The weight is .0087.

(n) Machinery and equipment: PPI - machinery and equipment, U.S. The weight is .0021.

(o) Miscellaneous products: PPI - finished goods, U.S. The weight is .0224.

(p) Postage: CPIU - postage, U.S. The weight is .0027.

(q) Telephone services: CPIU - telephone services, U.S. The weight is .0058.

(r) All other, labor intensive: ECI - compensation business services, U.S. The weight is .0728.

(s) All other, non-labor intensive: CPIU - all items, ENC. The Weight is .0080.

(t) Miscellaneous: CPIU - medical care, ENC. The weight is .0849.

(2) Application of estimated inflation factors.

The inflation values applied at the beginning of each rate year to produce a new composite inflation factor shall be based on the estimate of price indicators outlined in paragraphs (G) and (G)(1) of this rule that have been supplied to the department by three months prior to the beginning of a new rate year, except for the rate year beginning January 1, 2002 and ending December 31, 2002 when the composite inflation factor shall be adjusted to market basket minus 1.00 per cent. For the rate year beginning January 1, 2003 and ending December 31, 2003, and the rate year beginning January 1, 2004 and ending December 31, 2004, the composite inflation factor shall be adjusted to 0.00.~~there shall be no adjustment from January 1, 2003 to May 31, 2003. From June 1, 2003 to December 31, 2003, the composite inflation factor shall be adjusted to 1.029 and shall be implemented on June 1, 2003.~~For the rate year beginning January 1, 2005 and ending December 31, 2005, the composite inflation factor shall be adjusted to 1.030 and shall be implemented on January 1, 2005. The inflation factors shall be uniformly applied to the average cost per discharge component and shall remain fixed for that rate period.

(3) Calculation of inflated peer group adjusted average cost per discharge, including each children's hospital adjusted average cost per discharge.

(a) For each hospital/peer group, the peer group adjusted average cost per discharge derived from paragraph (F)(3) or (F)(4) of this rule, as applicable, is multiplied by an inflation factor derived from paragraph (G)(2) of this rule. Round the result to the nearest whole penny.

(b) For each children's hospital as defined in rule 5101:3-2-07.2 of the Administrative Code, the hospital-specific adjusted average cost per discharge derived from paragraph (F)(4) of this rule is multiplied by an inflation factor derived from paragraph (G)(2) of this rule. Round the result to the nearest whole penny.

(H) Addition of hospital-specific allowances.

Hospital-specific allowances include those described in paragraphs (H)(1) to (H)(3) of this rule.

(1) For Ohio hospitals having approved teaching programs as defined in 42 CFR 405.421, an education allowance amount is added. The medical education allowance amount is described in rule 5101:3-2-07.7 of the Administrative Code.

(2) For Ohio hospitals, a hospital-specific capital allowance amount is added. The capital allowance amount is described in rule 5101:3-2-07.6 of the Administrative Code.

(3) For non-Ohio hospitals, a single capital allowance amount is added. The capital allowance amount is described in rule 5101:3-2-07.6 of the Administrative Code.

(I) The final prospective payment rate is calculated by multiplying the adjusted inflated average cost per discharge, derived from paragraphs (G)(3)(a) and (G)(3)(b) of this rule, by the relative weight appropriate to the DRG (see rule 5101:3-2-07.3 of the Administrative Code), rounding the result to the nearest whole penny, then adding all applicable hospital-specific allowance amounts described in paragraphs (H)(1) to (H)(3) of this rule, i.e.:

Adjusted Inflated Average Cost Per Discharge	X	DRG Relative Weight	+	Hospital-Specific Capital Allowance (as applicable)	+	Hospital-Specific Education Allowance (as applicable)	=	Final Prospective Payment Rate

Effective:

R.C. 119.032 review dates: 01/01/2008

Certification

Date

Promulgated Under:	119.03
Statutory Authority:	5111.01, 5111.02
Rule Amplifies:	5111.01, 5111.02
Prior Effective Dates:	10/4/84, 7/1/85, 7/5/86, 10/19/87, 7/1/88 (Emer.), 9/29/88, 7/1/89, 6/29/90 (Emer.), 9/23/90, 9/3/91 (Emer.), 11/10/91, 7/1/92, 7/1/93, 12/29/95 (Emer.), 3/16/96, 7/1/96, 7/2/98, 01/01/00, 01/01/02, 12/31/02 (Emer), 02/06/03

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Existing

I. CALCULATION OF NEW BASE YEAR HOSPITAL SPECIFIC AVERAGE COST PER DISCHARGE

A. For each hospital, identify total Medicaid inpatient costs, adjusted to remove the cost of blood replaced by patient donors, to include PSRO/UR cost separately identified, and to include the cost of malpractice insurance. This amount is the amount derived as identified in paragraph (D)(6)(e) of rule 5101:3-2-074 of the Administrative Code. Divide this amount by the number of discharges for each hospital as discharges are described in paragraph (D)(11)(a) of rule 5101:3-2-074 of the Administrative Code to produce the initial average cost per discharge.

B. Remove Direct Costs of Medical Education

1. For each hospital, identify direct costs of medical education from paragraph (D)(7)(b) of rule 5101:3-2-074 of the Administrative Code.

2. Divide the direct medical education amount from Section (I)(B)(1) of this Appendix by total Medicaid inpatient costs adjusted as described in Section (I)(A) of this Appendix and add 1.00.

3. Divide the initial average cost per discharge described in Section (I)(A) of this Appendix by the direct medical education factor derived from Section (I)(B)(2) of this Appendix.

C. Remove Capital-Related Costs

1. For each hospital, identify capital-related cost from paragraph (D)(8)(b) of this rule.

2. Divide capital-related cost from Section (I)(C)(1) of this Appendix by total Medicaid inpatient costs adjusted as described in Section (I)(A) of this Appendix and add 1.00.

3. Divide the average cost per discharge amount derived from Section (I)(B)(3) of this Appendix by the capital factor derived from Section (I)(C)(2) of this Appendix.

D. Remove Indirect Teaching

1. For each hospital, identify the number of interns and residents described in paragraph (A)(1) of rule 5101:3-2-077 of the Administrative Code.

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2. For each hospital, identify the number of beds described in paragraph (B) (1) of rule 5101:3-2-077 of the Administrative Code.

3. Divide the number of interns and residents described in Section (I)(D)(1) of this Appendix by the number of beds described in Section (I)(D)(2) of this Appendix to obtain the intern-and resident-to-bed ratio. Divide this ratio by .10, multiply the resulting product by .05795, then add 1.00.

4. Divide the average cost per discharge derived from Section (I)(B)(3) of this Appendix by the indirect medical education factor derived from Section (I)(D)(3) of this Appendix.

II. CALCULATION OF LIMITS ON REIMBURSABLE COSTS AND CEILINGS ON RATE OF HOSPITAL INCREASES

Hospital-specific values referenced in this Section of this Appendix are those shown in Attachment 1 to this Appendix. The values shown in Attachment 1 were calculated in accordance with the provisions of Chapter 5101:3-2 of the Administrative Code as such provisions were in effect as of October 1, 1984, with three exceptions. Peer Group Values reflect those peer grouping criteria described in rule 5101:3-2-072 of the Administrative Code and, for purposes of this Appendix, Children's hospitals as defined in rule 5101:3-2-072 of the Administrative Code are peer grouped. Where such values were revised at the request of hospitals, the values reflect those in effect for the rate period beginning July 1, 1985. For certain hospital values indicated in Attachment 1, values have been revised to reflect revisions made by the Health Care Finance Administration and made available to the department by July 1, 1987. Where a hospital believes that the values shown in Attachment 1 are different than those described in this paragraph or believes that those values which reflect revisions made by the Health Care Finance Administration are incorrect, the provisions of Rules 5101:3-2-078 and 5101:3-2-0712 of the Administrative Code regarding reconsideration and redetermination of payment rates shall apply.

A. Calculation of Limits on Reimbursable Costs

1. Adjustment of Calendar Year 1982 Peer Group Average Cost Per Discharge Amount for Growth

For each Ohio Peer Group, the Peer Group Average Cost Per Discharge shown in Attachment 1 is multiplied by the following composite growth factor as indicated:

DATE OF HOSPITAL'S FISCAL YEAR END	GROWTH FACTOR
September 30	1.480679
October 31	1.493045
December 31	1.518000
March 31	1.533342
May 31	1.543741
June 30	1.548855
August 31	1.559425

2. Wage Adjustment for Hospitals in the Teaching Hospital Peer Group

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For hospitals identified in paragraph (A)(1) of rule 5101:3-2-072 of the Administrative Code, the value derived from Section (II)(A)(1) of this Appendix is multiplied by a wage factor for the base year period. The wage factors are:

METROPOLITAN STATISTICAL AREA	WAGE FACTOR
Cincinnati, Ohio	1.0744
Cleveland, Ohio	1.1628
Columbus, Ohio	1.0625
Toledo, Ohio	1.1092

3. Case Mix Adjustment

The amounts derived from Section (II)(A)(2) of this Appendix are multiplied by the hospital-specific case mix factor shown in Attachment 1 of this Appendix, to produce a case mix adjusted limit on reimbursable costs.

B. Calculation of Ceilings on Rate of Hospital Increases

1. Inflation of calendar year 1982 Hospital-Specific Average Cost Per Discharge Amounts.

For each Ohio hospital, the Hospital-Specific Average Cost Per Discharge shown in Attachment 1 is multiplied by the following composite inflation factor, as indicated:

DATE OF HOSPITALS FISCAL YEAR END	INFLATION FACTOR
September 30	1.174485
October 31	1.179754
December 31	1.190261
March 31	1.205151
May 31	1.215243
June 30	1.220207
August 31	1.230464

2. Wage Adjustment for Hospitals in the Teaching Hospital Peer Group

For hospitals identified in paragraph (A)(1) of rule 5101:3-2-072 of the Administrative Code, the value derived from Section (II)(B)(1) of this Appendix is multiplied by a wage factor for the base year period. The wage factors are:

METROPOLITAN STATISTICAL AREA	WAGE FACTOR
Cincinnati, Ohio	1.0744
Cleveland, Ohio	1.1628
Columbus, Ohio	1.0625
Toledo, Ohio	1.1092

3. Case Mix Adjustment

The amounts derived from Section (II)(B)(2) of this Appendix are multiplied by the hospital-specific case mix factor shown in Attachment 1 of this Appendix, to produce a case mix adjusted ceiling on rate of hospital increase.

III. IDENTIFICATION OF HOSPITALS SUBJECT TO A REDUCTION IN HOSPITAL-SPECIFIC AVERAGE COST PER DISCHARGE AMOUNTS

Hospitals subject to a reduction in the hospital-specific average cost per discharge amount described in paragraph (D)(11)(b) of rule 5101:3-2-074 of the Administrative Code are those whose new base year average cost per discharge, as derived from Section (I)(D) of this Appendix, exceeds either:

A. the case mix adjusted limit on reimbursable cost derived from Section (II)(A)(2) of this Appendix; or

B. the case mix adjusted ceiling on rate of increase derived from Section (II)(B)(2) of this Appendix.

Attachment 1

Provider #	Provider Name	Peer Group	B2 BaseCaremix	B2 Base Hospital-Specific Avg. Cost Per Discharge
0461807	Barnesville Hosp. Assoc. Inc.	01	1.24641	$1,323.93
1514276	City Hospital-Bellaire	01	0.85925	$1,416.05
5020506	Lawrence County General Hosp	01	0.86360	$1,080.35
5511566	Marietta Memorial Hospital	01	1.03979	$1,878.11
5569406	E Ohio Reg Hosp Martins Ferry	01	1.04330	$1,119.57
6543968	Ohio Valley Hospital	01	0.91490	$1,028.58
7647069	St John Medical Center	01	1.02950	$1,466.39
7943257	Selby General Hospital	01	0.92262	$1,268.03
	PEER GROUP AVG COST PER DISCHARGE			$1,233.78
0641336	Berger Hospital	02	1.03080	$ 977.57
1373115	Grady Memorial Hospital	02	0.93208	$1,909.72
2229636	Doctors Hospital-Cols	02	1.04067	$1,114.85
3359253	Grant Medical Center	02	1.07010	$1,345.75
4939179	Lancaster-Fairfield Comm. Hosp	02	0.92885	$ 992.42
5172389	Licking Memorial Hospital	02	0.90520	$1,007.82
5417178	Madison County Hospital	02	0.87810	$1,324.69
5874808	Memorial Hospital of Union Co	02	1.02553	$1,424.21
5887189	Mercy Hospital-Cols	02	1.36956	$1,477.22
6196165	Mount Carmel Health	02	1.08691	$1,382.75
7392469	Riverside Methodist Hosp-Cols	02	1.10471	$1,475.10
7643394	St Ann's Hospital	02	0.70055	$1,577.72
7643527	Saint Anthony Medical Center	02	1.43472	$1,595.85
	PEER GROUP AVG COST PER DISCHARGE			$1,279.65
0787662	Bluffton Community Hospital	03	0.86498	$ 854.34
4434508	Joint Township District Memorial	03	0.85844	$1,159.68
5184516	Lima Memorial Hospital	03	0.93902	$1,100.26
5489663	Mansfield General Hospital	03	0.93821	$1,209.28
6827483	Peoples Hospital Inc	03	1.16783	$ 994.53
7648503	St Rita's Medical Center	03	1.05321	$1,272.21
8013509	Shelby Memorial Hospital	03	0.79816	$ 870.85
	PEER GROUP AVG COST PER DISCHARGE			$1,170.27
0127508	Alliance City Hospital	04	0.89317	$1,030.70
0318758	Aultman Hospital	04	0.97429	$1,207.42
2229770	Doctor's Hospital-Stark Co	04	0.92180	$1,171.49
5589420	Mauxillon Community Hospital	04	0.87769	$1,188.46
8802602	Timken Mercy Med Ctr	04	0.97619	$1,731.76
	PEER GROUP AVG COST PER DISCHARGE			$1,295.80
0117402	Allen Memorial Hospital	05	0.92753	$1,339.27
0158752	Amherst Hospital	05	0.79744	$1,539.11

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2527500	Elyria Memorial Hospital	05	0.87524	$1,362.05
2875330	Fort Hamilton Hughes Mem Hosp	05	0.77776	$1,462.31
5281350	Lorain Community Hospital	05	1.14210	$ 741.57
5887278	Mercy Hospital-Hamilton	05	1.24212	$1,539.12

Attachment 1

Provider #	Provider Name	Peer Group	B2 BaseCasemix	B2 Base Hospital-Specific Avg. Cost Per Discharge
5948505	Middletown Regional Hospital	05	0.94630	$1,110.26
7647407	St Joseph Hospital-Lorain	05	0.93568	$1,247.77
8294359	Wellington Community hospital	05	0.99998	$1,095.57
	PEER GROUP AVG COST PER DISCHARGE			$1,342.90
7645338	St Elizabeth Hospital	06	1.20905	$1,405.96
7647729	St Joseph Riverside Hospital	06	0.81718	$1,233.25
8895843	Trumbull Memorial Hospital	06	0.89367	$1,567.26
9209752	Warren General Hospital	06	0.95699	$1,454.61
9736361	Youngstown Hospital Association	06	1.02364	$1,929.47
9736816	Youngstown Osteopathic Hospital	06	0.96823	$1,464.82
	PEER GROUP AVG COST PER DISCHARGE			$1,570.13
0069161	Akron City Hospital	07	1.03400	$1,456.02
0069483	Akron General Medical Center	07	1.02554	$1,280.29
0171362	Providence Hospital Cincinnati	07	1.35195	$1,526.90
0217447	Clermont Mercy Hospital	07	1.14365	$1,660.56
0414206	Sycamore Hospital	07	1.45468	$1,644.99
0438600	Barberton Citizen's Hospital	07	0.92184	$1,181.78
0684504	Bethesda Hospital-Cincinnati	07	0.96205	$1,466.59
1485503	The Christ Hospital	07	1.13474	$1,398.28
2054502	Deaconess Hospital-Cincinnati	07	1.42023	$1,417.16
2151255	Dettmer Hospital	07	1.14792	$ 684.02
2560509	Otto C Epp. Memorial Hospital	07	1.38463	$1,690.48
3293485	Good Sam-Cinci	07	1.12342	$1,215.22
3293565	Good Sam-Dayton	07	1.07277	$1,877.47
3354525	Grandview Hospital	07	1.02169	$1,746.72
3389506	Cuyahoga Falls General Hospital	07	0.87954	$1,518.09
3409501	Greene Memorial Hospital	07	1.15907	$1,259.31
4366805	The Jewish Hospital	07	0.87762	$2,126.05
4666259	Kettering Medical Center	07	1.77763	$1,879.43
5874480	Piqua Memorial Medical Center	07	0.86832	$1,099.55
5887634	Mercy Med Ctr-Springfield	07	1.09310	$1,568.96
5935608	Miami Valley Hospital	07	1.01462	$1,614.31
6639409	Our Lady of Mercy Hospital	07	0.78748	$1,395.37
7428859	Robinson Memorial Hospital	07	1.03157	$1,221.84
7645221	St Elizabeth Med Ctr	07	0.98455	$1,822.19
7645883	St Francis/St George Hospital	07	1.24159	$1,468.03
7649601	Saint Thomas Hospital Medical Center	07	1.18157	$ 994.98
8348569	Community Hospital of Springfield	07	0.83554	$1,370.27

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8502258	Stouder Memorial Hospital	07	0.86810	$1,170.87
	PEER GROUP AVG COST PER DISCHARGE			$1,494.91
0089998	Hillcrest Hospital	08	0.71397	$3,074.66
0452675	St John and West Shore Hospital	08	0.84712	$2,016.33
0563751	Community Hosp of Bedford	08	0.93731	$1,300.90
0964602	Brentwood Hospital	08	1.01450	$1,466.51
2593420	Euclid General Hospital	08	1.14306	$1,983.97
2596338	Deaconess Hospital-Cleveland	08	0.00676	$1,977.07
2633565	Fairview General Hospital	08	0.82771	$1,562.18

Attachment 1

Provider #	Provider Name	Peer Group	B2 BaseCasemix	B2 Base Hospital-Specific Avg. Cost Per Discharge
3106758	Geauga Community Hospital	08	0.86943	$1,581.86
3337400	Grace Hospital	08	0.97303	$1,307.09
4195517	Huron Road Hospital	08	1.38205	$2,038.77
4922507	Lake County Memorial Hospital	08	0.90697	$1,421.61
4923882	Lakewood Hospital	08	1.25186	$1,729.27
5243669	Lodi Community Hospital	08	1.18203	$1,242.23
5345406	Lutheran Medical Center	08	1.41210	$2,101.69
5575800	Marymount Hospital Inc	08	0.90686	$1,684.55
5850968	Medina Community Hospital	08	0.86502	$1,057.63
6456508	Northeastern Ohio General Hosp	08	1.22363	$1,383.10
6725100	Parma Community Genrl Hospital	08	0.77160	$1,766.57
7344190	Richmond Hts General Hospital	08	1.15578	$1,565.33
7643134	St Alexis Hospital	08	0.88260	$1,474.74
7647167	St John Hosp-Cleveland	08	1.24003	$1,845.01
7648406	St Lukes Hosp-Cleveland	08	0.90486	$2,078.86
7649709	St Vincent Charity Hospital	08	1.45626	$2,021.87
8295509	Southwest General Hospital	08	0.98819	$1,551.20
8552507	Suburban Community Hospital	08	1.38653	$1,710.17
9112347	Wadsworth-Rittman Hospital	08	1.12515	$1,052.29
	PEER GROUP AVG COST PER DISCHARGE			$1,755.62
1508256	University Hospital-Cinci	09	1.06671	$1,606.90
1563562	Cleveland Clinic Hospital	09	1.71870	$1,749.48
1564543	Cleveland Metro General Hospital	09	1.02210	$1,392.45
5616506	Medical College of Ohio Hospital	09	1.39831	$2,273.67
6196647	The Mt. Sinai Medical Ctr	09	0.96276	$1,952.94
6543682	Ohio State University Hospital	09	1.56280	$1,616.51
8962421	University Hosp-Cleveland	09	0.95907	$1,648.53
	PEER GROUP AVG COST PER DISCHARGE			$1,622.57
2077729	Fulton County Health Center	10	0.84924	$1,390.98
2834339	Flower Memorial Hospital	10	1.05536	$1,651.17
5887812	Mercy Hospital-Toledo	10	0.95162	$2,309.32

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3031507	Galion Comm Hosp	12	0.90923	$1,150.90
3293725	Firelands Comm Hosp-Good sam	12	1.33161	$1,254.67
3486259	Guernsey Memorial Hospital	12	1.00337	$1,204.62
3653756	Hardin Memorial Hosp	12	0.95950	$1,157.42
3978503	Hocking Valley Comm Hosp	12	0.96161	$ 904.10
5430662	HB Magruder Mem Hosp	12	0.85456	$1,042.08
5874728	Memorial Hosp	12	0.87219	$1,026.48
5887545	Mercy Hosp-Portsmouth	12	1.15904	$1,317.45
5887723	Mercy Hosp-Tiffin	12	0.81472	$ 778.93
6639605	Mercer City Jt Twp Comm Hosp	12	0.85059	$1,105.18
7098751	Providence Hosp-Sandusky	12	1.11655	$1,217.44
7608503	Mary Rutan Hospital	12	0.85330	$1,130.21
7664255	Samaritan Hosp	12	0.92510	$ 924.62
8017265	O'Bleness Mem Hosp	12	0.85812	$ 924.16
8294304	Southern Hills Hosp	12	1.24656	$1,306.25
9027663	Van Wert County Hosp	12	0.82623	$1,075.82
9250484	Wayne Hosp Co	12	0.89648	$ 829.50
9548609	Wilson Memorial Hosp	12	1.02477	$ 824.38
9656251	Wooster Comm Hosp	12	0.89481	$1,009.92
	PEER GROUP AVG COST PER DISCHARGE			$1,072.93
0465509	Childrens Medical Center-Dayton	13	1.16857	$2,178.51
1473203	Childrens Hosp-Akron	14	1.30245	$1,966.03
1473276	Childrens Hosp-Cols	15	1.15572	$1,915.24

Attachment 1

Provider #	Provider Name	Peer Group	B2 BaseCasemix	B2 Base Hospital-Specific Avg. Cost Per Discharge
1473285	Childrens Hosp-Cinci	16	1.07091	$1,414.05
0548143	Rainbow Babies and Childrens	17	1.28712	$2,616.75
0560343	100 Babies Hosp	19	1.35268	$1,460.13
1721506	Convalescent Hosp for Children	18	1.12148	$1,888.91
	PEER GROUP AVG COST PER DISCHARGE			$2,016.01
0289343	Ashtabula Co Med Ctr	99	0.80678	$1,024.96
0684755	Bethesda Hosp-Zanesville	99	0.87722	$1,230.73
0759666	Blanchard Valley Hosp	99	0.90536	$1,068.29
1475685	Medical Ctr Hosp-Chillicothe	99	0.99250	$1,149.98
1677850	MedCenter Hosp Inc-Marion	99	1.08543	$1,143.84
2413481	E Liverpool City Hosp	99	0.96815	$1,004.00
3293887	Good Sam -Zanes	99	1.00692	$1,346.20
4046562	Holzer Med Ctr	99	0.94565	$1,071.79
5514803	Marion General Hosp	99	0.82516	$1,587.01
7654408	Salem Comm Hosp-N Col County	99	0.95151	$ 937.44
7892571	Scioto Memorial Hosp	99	0.83219	$ 994.31
8957759	Union Hospital	99	0.93251	$1,086.28
	PEER GROUP AVG COST PER DISCHARGE			$1,126.46

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