5101:3-2-07.8 **Redetermination of prospective payment rates.**

(A) General description.

In future years, prospective payment rates may be determined by application of a projected inflation value as set forth in paragraph (B) of this rule leaving base-year costs and relative weights unchanged. Alternatively, through revision of relevant rules in this chapter, either or both the rebasing of base-year costs or the recalibration of relative weights for DRGs may occur and may result in a significant change in the prospective payment rate. In addition to redetermination of rates associated with the beginning of a new rate year, redetermination may occur within a rate year. At the beginning of each new rate year, a ninety-day period will be provided to both the department and the hospitals for the verification of all data used in rate calculations and the detection of errors in the calculations of rate amounts following the methodologies detailed in rules 5101:3-2-07.4, 5101:3-2-07.6, and 5101:3-2-07.7 of the Administrative Code. Rule 5101:3-2-07.12 of the Administrative Code describes the procedures by which a hospital may request reconsideration of a rate component during the first ninety days of a rate year as well as the conditions under which subsequent reconsideration may be requested. Rule 5101:3-2-24 of the Administrative Code describes the conditions under which the department may initiate rate adjustments after the initial ninety-day verification period has passed. This rule describes the applicability of and procedures for redetermination of prospective rates.

(B) Application of inflation allowance.

At the start of each succeeding state fiscal year, the department shall apply a projected inflation value as defined in rule 5101:3-2-07.4 of the Administrative Code.

(C) Redetermination of peer group average cost per discharge component of the prospective payment rate.

The peer group average cost per discharge component described in paragraphs (E)(1) to (E)(4) of rule 5101:3-2-07.4 of the Administrative Code may be redetermined in accordance with paragraphs (C)(1) to (C)(3) of this rule.

(1) When reclassification of hospitals among peer groups occurs as described in paragraph (D)(2) of rule 5101:3-2-07.2 of the Administrative Code, the peer group average cost per discharge component will be redetermined if such redetermination would result in at least a two per cent difference, negative or positive, in the peer group average cost per discharge amount.

(2) The peer group average cost per discharge component will be redetermined if the use of revised or corrected hospital-specific average cost per discharge

data would result in at least a two per cent difference in the peer group average cost per discharge amount subject to the provisions of this paragraph. In order to redetermine the peer group average cost per discharge under the provisions of this paragraph and paragraph (C) of this rule, the following conditions apply:

(a) Revised or corrected hospital-specific average cost per discharge data are identified under the provisions described in paragraphs (C) to (C)(3) of this rule, rule 5101:3-2-07.12, or rule 5101:3-2-24 of the Administrative Code.

(b) Data described in paragraph (C)(2)(a) of this rule is identified within two rate periods following implementation of rebased rate components.

(3) For the purposes of paragraphs (C)(1) and (C)(2) of this rule, any redeterminations of the peer group average cost per discharge component will be made in accordance with the provisions set forth in rule 5101:3-2-07.4 of the Administrative Code. If peer group rates are subject to redetermination because they meet the provision of paragraph (C)(1) or (C)(2) of this rule, the timing of the adjustment to the rate and the mechanism for retrospectively adjusting previously paid claims depends upon the magnitude of the adjustment. If the use of revised hospital-specific data for one or more hospitals in a peer group results in a change of at least five per cent in the peer group average cost per discharge, the rate adjustment will be made prospectively for admissions on or after the thirtieth day following the final administrative decision described in rule 5101:3-2-07.12 of the Administrative Code, or following the recognition by the department that an adjustment in the peer group average cost per discharge calculation is warranted, whichever is earlier. Claims previously paid that are subject to the adjustment will be adjusted retrospectively at interim settlement or can be mass adjusted if the provider requests in writing that a mass adjustment of that provider's claims be performed. If the use of revised data for one or more hospitals in a peer group results in a change of less than five per cent in the peer group average cost per discharge, the adjustment will be made prospectively for admissions on or after the first day of the next rate year and retrospectively during interim or final settlement. The retrospective adjustment of previously paid claims will be accomplished by determining the difference between the amount paid during the period that incorrect rates were in effect and the amount that would have been paid if the correct rates had been in effect and adjusting this amount by case-mix.

(D) Redetermination of ~~the~~ a hospital-specific rate component.

Redetermination of a hospital-specific rate component as described in rules

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5101:3-2-07.6 and 5101:3-2-07.7 of the Administrative Code will not be implemented until the beginning of the next prospective rate year unless the need for the change in the rate component is detected within the first ninety days of a new rate year. Adjustments to claims paid during a period when a rate component was incorrect will be made retrospectively at interim settlement. Corrections to these rate components will be made prospectively at the beginning of the following rate year.

(E) Notification of effective rates.

Prior to the beginning of each prospective payment rate year, each Ohio hospital will be given notice regarding payment rates for the upcoming prospective payment years. The payment rate information described in this paragraph will be effective for the prospective payment year, except as otherwise provided in rules 5101:3-2-07.12 and 5101:3-2-24 of the Administrative Code and this rule. Information provided in the notice described in this paragraph shall include:

(1) Peer group average cost per discharge adjusted as described in rule 5101:3-2-07.4 of the Administrative Code;

(2) Hospital-specific allowances, as applicable, for ~~capitaland~~ capital and medical education as described in rules 5101:3-2-07.4, 5101:3-2-07.6, and 5101:3-2-07.7 of the Administrative Code; and

(3) Indication of whether the hospital is recognized as operating a distinct-part psychiatric unit, and/or level I, II, or III nursery unit as each are described in rule 5101:3-2-02 of the Administrative Code. Hospitals must notify the department immediately when a change in psychiatric unit distinct part and/or nursery unit occurs. Retrospective adjustment of previously paid claims to reflect the change in status of the psychiatric unit or nursery will be processed for claims with discharges beginning on the later of the effective date of the change or the first day of the rate year in which the department was notified of the change. No adjustments to paid claims will be made for claims with discharge dates that were prior to the beginning of the rate year in which the department was notified of the change.

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