



Hospital Handbook Transmittal Letter (HHTL)

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**TO: All Hospital Providers
Directors, County Departments of Job and Family Services**

FROM: Maureen Corcoran, Director

SUBJECT: Hospital Cost Coverage Add-on

Summary

This Hospital Handbook Transmittal Letter (HHTL) provides information pertaining to the cost coverage add-on rule, Ohio Administrative Code (OAC) rule 5160-2-60, which has been adopted. This rule will be effective January 2, 2020.

The Department created an additional reimbursement methodology in the form of a cost coverage add-on (CCA) payment to ensure adequate access for Medicaid recipients to inpatient and outpatient hospital services.

Rule 5160-2-60, entitled "Hospital Cost Coverage Add-On", sets forth the methodology with which the Department will provide to hospitals a cost coverage add-on. This cost coverage add-on, which is case-mixed adjusted, is added to a hospital's base rates for each inpatient discharge or outpatient service on or after the effective date of the rule for those hospitals paid under the "All Patient Refined-Diagnosis Related Group" (APR-DRG) inpatient prospective payment system and the "Enhanced Ambulatory Patient Grouping" (EAPG) outpatient prospective payment system. For those hospitals excluded from the prospective payment systems, the cost coverage add-on is a percentage increase to their prospective inpatient and outpatient cost-to-charge ratios for discharges or services on or after the effective date of the rule. Due to the condensed timeframe to pay out the value of the CCA dollars in State Fiscal Year (SFY) 2020, the amount of the CCA has been doubled. Effective July 1, 2020, the amount of the CCA will be adjusted to payout the value of the CCA dollars during SFY 2021. Furthermore, the methodology in this rule does not apply to the Medicaid maximum allowed amount calculation described in OAC 5160-2-25.

The cost coverage add-on amount is allocated from five policy pools based on appropriated funds in each state fiscal year. The first allocation pool is the inpatient cost coverage standard pool, which allocates the lesser of \$259,229,112.31 or 36.38% of the appropriated funds. The second allocation pool is the outpatient cost coverage standard pool, which is the lesser of \$168,054,601.29 or 23.59% of the appropriated funds. The third allocation pool is the cost coverage sustainability pool, which is the sum of the lesser of \$233,000,000.00 or 32.70% of the appropriated funds and the greater of 7.33% or the balance of the appropriated funds. The fourth allocation pool is the low volume psychiatric hospital pool, which allocates 1.86% of the greater of 7.33% portion of the cost coverage sustainability pool or the balance of the appropriated funds. The fifth allocation pool

is for hospitals with a dedicated psychiatric emergency department established prior to October 1, 2019, and do not participate in the Care Innovation and Community Improvement Program (CICIP). These hospitals received, in total, an allocation in the amount of \$9,500,000.00.

Access to Rules and Related Material

The main web page of the ODM includes links to valuable information about its services and programs; the address is <http://medicaid.ohio.gov/>.

To access ODM Fee Schedule and Rates, go to medicaid.ohio.gov > Providers > Fee Schedule and Rates > Click “I Agree”:

Additional Information

Questions pertaining to this letter should be addressed to:

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or

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