



Hospital Handbook Transmittal Letter (HHTL) 3352-17-06

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

FROM: Barbara R. Sears

SUBJECT: Inpatient Hospital Reimbursement Rule

Summary

This Hospital Handbook Transmittal Letter (HHTL) provides information pertaining to inpatient hospital reimbursement.

Ohio Administrative Code (OAC) rule 5160-2-65, "Inpatient hospital reimbursement" has been amended. The effective date of the amendment is July 6, 2017.

Rule Changes

Rule 5160-2-65, entitled "Inpatient hospital reimbursement", has been amended. This rule sets forth the Medicaid inpatient hospital reimbursement methodology for hospitals subject to prospective payment. The Department has updated the policy regarding inpatient hospital reimbursement. The formula used to calculate inpatient payments did not change. However, the data sources and the components used to calculate these payments were updated. More recent hospital claims data and hospital cost report data were utilized.

The base rates for all Ohio hospitals is equal to the percent of total inflated costs for cases assigned to the hospital divided by the number of cases assigned to the hospital divided by the peer group case mix score. The percent of total inflated costs used to calculate base rates for both children's and teaching hospitals was 97%. The percent of total inflated costs used to calculate the base rate for all other hospitals was 70%. Also, the base rate for non-Ohio hospitals is a percentage of the updated statewide average of their corresponding Ohio peer group base rate.

DRG relative weights were also updated with this rebasing. Additionally, the outlier threshold amounts were updated for all DRGs. The fixed outlier threshold for neonate and tracheostomy DRGs is \$25,000. The fixed outlier threshold for DRGs other than neonate and tracheostomy DRGs billed by hospitals in a children's peer group or the teaching peer group is \$60,000. The

fixed outlier threshold for cases other than neonate and tracheostomy billed by hospitals among other peer groups is \$75,000.

Long-acting reversible contraceptive (LARC) devices when provided during an inpatient hospitalization are now separately reimbursed from the inpatient stay. Also, a coding adjustment due to the implementation of the International Classification of Diseases, Tenth Revision (ICD-10) was included with this update.

Transfer provisions for certain situations were also updated. Hospital transfers received by or discharged from a freestanding psychiatric hospital are no longer be subject to transfer payment provisions. Hospital transfers between two distinct units within the same hospital are now reimbursed separately, provided that the discharge status does not indicate a transfer.

Finally, the Department included a five percent stop loss/stop gain provision designed to prevent large swings (either up or down) in an individual hospital's reimbursement.

These changes are effective for inpatient hospital discharges on or after July 6, 2017.

Access to Rules and Related Material

Stakeholders who want to receive notification when ODM original or final files a rule package may visit JCARR's RuleWatch at www.rulewatchohio.gov where an account can be created to be notified of rule actions by rule number or department.

Stakeholders can subscribe to receive notification when a clearance or BIA is posted for public comment on the Ohio Business Gateway here:

<http://business.ohio.gov/reform/enotify/subscription.aspx>

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

Information about hospital payment policies is available on the 'Fee Schedule and Rates' web page, which may be accessed through the main ODM web page (Providers > Fee Schedule and Rates).

Additional Information

Questions pertaining to this letter should be addressed to:

hospital_policy@medicaid.ohio.gov

or

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