



Hospital Handbook Transmittal Letter (HHTL) No. 3352-20-05

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

FROM: Maureen M. Corcoran, Director

SUBJECT: Emergency Update to the Hospital Cost Coverage Add-on

Summary

This Hospital Handbook Transmittal Letter (HHTL) provides information pertaining to the update the cost coverage add-on rule, Ohio Administrative Code (OAC) rule 5160-2-60, entitled Hospital Cost Coverage Add-on (CCA), which has been adopted via emergency filing. This rule will be effective October 30, 2020 and applies to hospitals with discharges or visits on or after November 1, 2020 through December 31, 2020.

Emergency Rule 5160-2-60

The Department created an additional reimbursement methodology in the form of a CCA payment to ensure adequate access for Medicaid recipients to inpatient and outpatient hospital services. On January 2, 2020, the Ohio Department of Medicaid (ODM) adopted OAC rule 5160-2-60, entitled “Hospital Cost Coverage Add- On”. This created an additional payment methodology to ensure adequate access for Ohio Medicaid recipients to inpatient and outpatient hospital services in the form of a cost coverage add-on (CCA) payment. The CCA is added to either a hospital’s base rates or cost-to-charge ratios. The CCA is funded by an appropriation to ODM in the bi-annual budget, Am. Sub HB 166 of the 133rd General Assembly.

In accordance with OAC 5160-2-60, the CCA rates were adjusted to expend the appropriated funds for State Fiscal Year 2021. However, the capitation rates for the Medicaid Managed Care program were not adjusted. An analysis performed by ODM and Milliman, the department’s managed care actuary, has determined that the funding provided in the capitation rates exceeds what is necessary reimburse hospitals for services in the first of SFY 2021 by \$136.1 million.

Due to the late identification of the issue and a need align hospital payments with the implemented MCP Capitation rates within the CY 2020 rating period, the Department filed this emergency rule in order to mitigate the imbalance between the capitation rates and the hospital rates. The emergency rule allows the Department flexibility to make necessary adjustments that may be needed to ‘right-size’ any imbalances in the future, while remaining budget neutral to the ODM and the State.

Access to Rules and Related Information

Information about the services and programs of the Department may be accessed through the Department's main webpage: <https://medicaid.ohio.gov> .

- Stakeholders who want to receive notification when the Department 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: <https://www.apps.das.ohio.gov/RegReform/enotify/subscription.aspx>

Information about hospital payment policies may be accessed through the Department main web page (<https://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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