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State Territory Name: OHIO

State Plan Amendment (SPA) #: 23-0038

This file contains the following documents in the order listed:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Center for Medicaid & CHIP Services
233 North Michigan Ave., Suite 600
Chicago, Illinois 60601

Financial Management Group

January 12, 2024

Maureen Corcoran, Director
Ohio Department of Medicaid
50 West Town Street, Suite 400
Columbus, Ohio 43215

RE: Ohio State Plan Amendment 23-0038

Dear Director Corcoran:

We have reviewed the proposed Ohio State Plan Amendment (SPA) to Attachment 4.19-B, OH-23-0038, which was submitted to the Centers for Medicare & Medicaid Services (CMS) on November 29, 2023. This plan updates the rate methodology for Outpatient Hospital Services and Outpatient Behavioral Health Services.

Based upon the information provided by the State, we have approved the amendment with an effective date of January 1, 2024. We are enclosing the approved CMS-179 and a copy of the new state plan pages.

If you have any questions or need further assistance, please contact Debi Benson at 1-312-886-0360 or Deborah.Benson@cms.hhs.gov.

Sincerely,

[redacted]

Todd McMillion
Director
Division of Reimbursement Review

Enclosures

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

FORM APPROVED
OMB No. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

1. TRANSMITTAL NUMBER: 23-0038

2. STATE: OH

3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT: (●) XIX ( ) XXI

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
January 1, 2024

5. FEDERAL STATUTE/REGULATION CITATION
42 CFR 447 Subpart F

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 24 $ 4,608
b. FFY 25 $ 6,097

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Attachment 4.19-B, Item 2-a, pages 1-2 thru 1-7

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*
Attachment 4.19-B, Item 2-a, page 1-2 (TN 18-023)
Attachment 4.19-B, Item 2-a, page 1-3 (TN 20-009)
Attachment 4.19-B, Item 2-a, page 1-4 (TN 20-009)
Attachment 4.19-B, Item 2-a, page 1-5 (TN 20-009)
Attachment 4.19-B, Item 2-a, page 1-6 (TN 20-009)
Attachment 4.19-B, Item 2-a, page 1-7 (TN 22-031)

9. SUBJECT OF AMENDMENT

Payment for Services - Outpatient Hospital Reimbursement and Outpatient Hospital Behavioral Health

10. GOVERNOR'S REVIEW *(Check One)*

( ) GOVERNOR'S OFFICE REPORTED NO COMMENT
( ) COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
( ) NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL
(●) OTHER, AS SPECIFIED:
The State Medicaid Director is the Governor's designee

11. SIGNATURE OF STATE AGENCY OFFICIAL
[redacted]

12. TYPED NAME: **MAUREEN M. CORCORAN**

13. TITLE: **STATE MEDICAID DIRECTOR**

14. DATE SUBMITTED
November 29, 2023

15. RETURN TO

Greg Niehoff
Ohio Department of Medicaid
P.O. BOX 182709
Columbus, Ohio 43218

FOR CMS USE ONLY

16. DATE RECEIVED **NOVEMBER 29, 2023**

17. DATE APPROVED
January 12, 2024

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
JANUARY 1, 2024

19. SIGNATURE OF APPROVING OFFICIAL
[redacted]

20. TYPED NAME OF APPROVING OFFICIAL
TODD MCMILLION

21. TITLE OF APPROVING OFFICIAL
DIVISION OF REIMBURSEMENT REVIEW

22. REMARKS

(D) Outpatient Hospital Services Subject to EAPG Prospective Payment

Effective for dates of service on or after August 1, 2017, payment for outpatient hospital services provided in hospitals other than those described in subsection (C) of this section will be subject to a prospective payment methodology utilizing the EAPG system developed and maintained by 3M Health Information Systems.

The EAPG system groups and reimburses outpatient procedures, encounters, or ancillary services, which reflect similar patient characteristics and resource utilization, and which incorporate the use of International Classification of Diseases diagnosis codes, current procedural terminology (CPT) code set and healthcare common procedure coding system (HCPCS) procedure codes.

The facility payment for all hospital level outpatient services will be determined using EAPG. This includes but is not limited to surgery, radiology, laboratory, occupational therapy, physical therapy, speech, audiology and language services. Select services such as pharmacy, dental, durable medical equipment and observation may be grouped under EAPG but paid from a fee schedule or a flat rate as described in subsection (J) of this section.

(E) EAPG Payment Formula

The EAPG system may apply the following discounting factors for multiple significant procedures and/or repeated ancillary services. Ancillary services are diagnostic or therapeutic services provided as prescribed by a healthcare professional.

(1) Full payment of the EAPG payment with no applicable discounting factor.

(2) Consolidation factor of 0% applicable for services designated with a same procedure consolidation flag or clinical procedure consolidation flag by the EAPG grouper under default EAPG settings.

(3) Packaging factor of 0% applicable for services designated with a packaging flag by the EAPG grouper under default EAPG settings.

(4) Discounting factor of 50% or 100% applicable for multiple significant procedures or repeated ancillary services designated by default EAPG settings or both. For bilateral surgeries, the discounting factor is 150%. The appropriate percentage will be applied to the highest weighted of the multiple procedures or ancillary payment group.

The EAPG payment calculation is the hospital peer group base rate adjusted for risk corridor, multiplied by the EAPG relative weight for which the service was assigned by the EAPG grouper, rounded to the nearest whole cent, then multiplied by any applicable discounting factor (full payment, consolidation, or packaging), and rounded to the nearest whole cent.

Laboratory services billed with valid CPT/HCPCS code(s) shall be reimbursed the lesser of charges or the assigned EAPG payment. Payment for all laboratory services will be no more than the Medicare fee schedule amount.

Radiology services billed with valid CPT/HCPCS code(s) will be reimbursed the lesser of charges or the assigned EAPG payment.

(F) Sources for Inputs in the Payment Formula

The dataset used as inputs in the payment formula and determination of relative weights established for dates of service on or after January 1, 2024 consists of:

(1) All outpatient hospital claims with dates of service from January 1, 2017 through June 30, 2021;

(2) Cost reports submitted by hospitals to ODM on its Ohio Medicaid hospital cost report for the hospital years that end in state fiscal years 2017 (ODM 02930 rev. 4/2017) through 2021 (ODM 02930 rev. 5/2021); and

(3) Inflation factors computed for Ohio by a nationally recognized research firm that computes similar factors for the Medicare program. The inflation factors were used to inflate the total cost computed for each case inflating it to June 30, 2024.

(G) Computation of Case Mix Adjusted Average Cost Per Case (Base Rate)

(1) For each Ohio peer group, sum the total inflated cost for all cases; divided by

(2) The number of cases assigned to each peer group; and multiply the result below:

(a) For teaching hospitals, 70%;
(b) For southeast hospitals, 68%;
(c) For southwest hospitals, 63%; and
(d) For all other peer groups, 62%.

(3) For each Ohio peer group, sum the relative weight values for all cases assigned to the peer group; divided by

(4) The number of cases in the peer group.

(5) For each Ohio peer group, multiply the amount described in subsection (G)(2) by the quotient of subsection (G)(3) and subsection (G)(4) of this section.

(6) For non-Ohio peer groups, the peer group base rate is 64% of the statewide average.

(H) Risk corridors.

Effective for dates of service on or after January 1, 2024, the following will apply to Ohio hospital peer groups not classified as either critical access hospitals or rural hospitals, as defined in Attachment 4.19-A, section I, subsection (B):

(1) If the peer group base rate calculated in subsection (G) of this section results in the reduction of payments from current levels at the individual hospital level, the individual hospital base rate is adjusted to a 0% reduction in payments; or

(2) If the peer group base rate calculated in subsection (G) of this section results in the increase of payments that is greater than 10% from current levels at the individual hospital level, the individual hospital base rate is adjusted to a 10% increase in payments.

(I) Computation of Relative Weights

The relative weight is equal to:

(1) The average inflated cost per case within each EAPG; divided by

(2) The average inflated cost per case across all EAPGs.

(J) Items conditionally payable outside of EAPG

(1) Pharmaceuticals.

(a) For services rendered on or after January 1, 2024, reimbursement for outpatient hospital pharmaceuticals HCPCS J-code or Q-code billed with revenue center code 25X or 636 will be the lesser of charges or the payment amounts in the provider-administered pharmaceutical fee schedule as published on ODM's website, https://medicaid.ohio.gov/resources-for-providers/billing/fee-schedule-and-rates/fee-schedule-and-rates.

(b) Additional payments for pharmaceuticals will be made in accordance with the discounting factors as determined by the EAPG grouper.

(c) Pharmaceutical line items without a National Drug Code will be denied payment by ODM.

(d) Charges listed in line items that carry revenue center code 025X or 636 with a provider-administered pharmaceutical HCPCS J-code or Q-code that are not listed on the provider-administered pharmaceutical fee schedule or listed as "by report" will be multiplied by 60% of the hospital's specific Medicaid outpatient cost-to-charge ratio as described in subsection (C) of this section.

(2) Durable medical equipment (DME).

(a) Payments for DME may be made for all line items grouping to DME EAPG codes.

(b) For services rendered on or after January 1, 2024, reimbursement for outpatient hospital DME will be the lesser of charges or the payment amounts in the Medicaid durable medical equipment fee schedule as published on ODM's website, https://medicaid.ohio.gov/resources-for-providers/billing/fee-schedule-and-rates/fee-schedule-and-rates.

(c) Payments for DME will be made in accordance with the discounting factors as determined by the EAPG grouper.

(3) Independently billed services for drugs or medical supplies and devices.

(a) To request independently billed payment under EAPG, hospitals must report all services provided on the date of service; and

(b) Report modifier UB with the primary procedure performed. Claims submitted with modifier UB are subject to the following payment methodology:

(i) Charges listed in line items that carry revenue center codes 025X or 0636 with a provider administered HCPCS J-code or Q-code will pay in accordance with the provider-administered pharmaceutical fee schedule.

(ii) Charges listed in line items that carry revenue center code 025X without a provider-administered pharmaceutical CPT/HCPCS code or revenue center code 027X with or without a DME HCPCS code will be multiplied by 60% of the hospital specific Medicaid outpatient cost-to-charge ratio as described in subsection (C) of this section.

(iii) Charges listed in line items that carry revenue center code 025X or 0636 with a provider-administered pharmaceutical HCPCS J-code or Q-code that are not listed on the provider-administered pharmaceutical fee schedule or listed as "by report" will be multiplied by 60% of the hospital's specific Medicaid outpatient cost-to-charge ratio as described in subsection (C) of this section.

(iv) All other detail lines on the same date of service will be paid $0.

(4) Dental services.

Reimbursement for claims assigned to a dental service EAPG will be paid as follows:

(a) Children's hospitals, as defined in Attachment 4.19-A, section I, subsection (B), will be paid $1,062.

(b) All other hospitals will be paid $1,192.

(c) Payments shall be multiplied by any applicable discounting factor.

(5) Vaccines for children (VFC).

(a) The administration of immunizations covered under the VFC program may be reimbursed for recipients 18 years or younger.

(b) Reimbursement for the administration of immunizations covered under the VFC program will be $10 for individuals eighteen years of age or younger, contingent upon the EAPG grouper.

However, no payment will be made for vaccines that can be obtained at no cost through the federal VFC program.

(c) Additional payments for designated free vaccines will be made in accordance with the discounting factors as determined by the EAPG grouper.

(6) Observation services.

(a) Payment for observation HCPCS code G0378 will be made using an average rate. Payment will be made for the following types of observation services:

(i) Acute care related observation services; and

(ii) Behavioral health (BH) and/or substance use disorder (SUD) observation services.

(b) Payments for observation services grouped to observation EAPG code will be limited to a maximum of two consecutive days, except as provided in subsection (J)(6)(c) of this section.

(c) Payments for observation services reported with HCPCS code G0378 will be made for up to 24 units per day or 48 consecutive units (which could extend over a three-day period).

(d) Outpatient claims for observation services described in subsection (J)(6)(a)(ii) of this section will include:

(i) A BH/SUD primary diagnosis code; and

(ii) Modifier 'HE' at the detail level for the observation code.

(7) Outpatient Hospital Services

Outpatient Hospital Services are subject to a co-payment as referenced in Attachment 4.18-A of the State plan.

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