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State/Territory Name: Ohio

State Plan Amendment (SPA) #: 18-0023

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form
- 3) Approved SPA Pages

Department of Health & Human Services
Centers for Medicare & Medicaid Services
233 North Michigan Avenue, Suite 600
Chicago, Illinois 60601-5519



November 7, 2018

Barbara R. Sears, Director
Ohio Department of Medicaid
P.O. Box 182709
50 West Town Street, Suite 400
Columbus, Ohio 43218

RE: State Plan Amendment Transmittal Number 18-023

Dear Ms. Sears:

Enclosed for your records is an approved copy of the following State Plan Amendment:

Transmittal #18-023 - Payment for Services: Outpatient Hospital Services
 - Effective Date: September 1, 2018
 - Approval Date: November 7, 2018

If you have any questions regarding this State Plan Amendment, please have a member of your staff contact Christine Davidson at (312) 886-3642 or by email at christine.davidson@cms.hhs.gov.

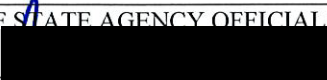
Sincerely,

/s/

Ruth A. Hughes
Associate Regional Administrator
Division of Medicaid and Children's Health Operations

Enclosure

cc: Carolyn Humphrey, ODM
Becky Jackson, ODM
Greg Niehoff, ODM

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL	1. TRANSMITTAL NUMBER: 18-023	2. STATE OHIO
FOR: CENTERS FOR MEDICARE AND MEDICAID SERVICES	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE & MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE September 01, 2018	
5. TYPE OF PLAN MATERIAL (<i>Check One</i>):		
<input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT		
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (<i>Separate Transmittal for each amendment</i>)		
6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR Part 447, Subpart F	7. FEDERAL BUDGET IMPACT: a. FFY 18 \$0.00 b. FFY 19 \$0.00	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-B, Item 2-a, pp 1-2, 1-4, 1-5, 1-6	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (<i>If Applicable</i>): Attachment 4.19-B, Item 2-a, pp 1-2, 1-4, 1-5, 1-6 (TN 17-032)	
10. SUBJECT OF AMENDMENT: Payment for Services: Outpatient Hospital Services		
11. GOVERNOR'S REVIEW (<i>Check One</i>):		
<input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL		<input checked="" type="checkbox"/> OTHER, AS SPECIFIED: The State Medicaid Director is the Governor's designee
12. SIGNATURE OF STATE AGENCY OFFICIAL: 	16. RETURN TO:	
13. TYPED NAME: BARBARA R. SEARS	Carolyn Humphrey Ohio Department of Medicaid P.O. BOX 182709 Columbus, Ohio 43218	
14. TITLE: STATE MEDICAID DIRECTOR		
15. DATE SUBMITTED: September 21, 2018		
FOR REGIONAL OFFICE USE ONLY		
17. DATE RECEIVED: September 21, 2018	18. DATE APPROVED: November 7, 2018	
PLAN APPROVED – ONE COPY ATTACHED		
19. EFFECTIVE DATE OF APPROVED MATERIAL: September 1, 2018	20. SIGNATURE OF REGIONAL OFFICIAL: _____ /s/	
21. TYPED NAME: Ruth A. Hughes	22. TITLE: Associate Regional Administrator	
23. REMARKS:		

Instructions on Back

(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 (I) 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 specific base rate adjusted for risk corridor, multiplied by the EAPG relative weight for which the service was assigned by the EAPG grouper, round the product to the nearest whole cent, multiplied by any applicable discounting factor (full payment, consolidation, or packaging), 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.

TN: 18-023

Supersedes:

TN: 17-032Approval Date: 11/7/18Effective Date: 09/01/2018

(b) A hospital-specific base rate established to ensure the new peer group base rate does not result in more than a 0% reduction or 5% gain in payments compared to the prior prospective payment system.

(H) 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.

(I) Items which may be paid outside of EAPG

(1) Select items may follow the payment methodology listed in subsection (I)(1) of this section.

(a) Pharmaceuticals.

(i) For services rendered on or after August 1, 2017, reimbursement for outpatient hospital pharmaceuticals HCPCS J-code or Q-code billed with revenue center code 25X or 636 shall be the lesser of charges or the payment amounts in the provider-administered pharmaceutical fee schedule as published on the department's website, <http://medicaid.ohio.gov/PROVIDERS/FeeScheduleandRates.aspx>.

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

(iii) Pharmaceutical line items without a National Drug Code will be denied payment by the State.

(iv) 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.

(b) Durable medical equipment (DME).

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

(ii) For services rendered on or after August 1, 2017, reimbursement for outpatient hospital DME shall be the lesser of charges or the payment amounts in the Medicaid durable medical equipment fee schedule as published on the department's website, <http://medicaid.ohio.gov/PROVIDERS/FeeScheduleandRates.aspx>.

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

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

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

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

(1) 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 to the provider-administered pharmaceutical fee schedule.

(2) 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.

(3) 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.

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

(d) Dental services.

For dates of service during the interim period, reimbursement for claims assigned to dental service EAPG will be paid as follows:

(i) Children's hospitals, as defined in subsection (B) of this section, will be paid \$1,062.

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

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

(e) Vaccines for children (VFC).

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

(ii) Reimbursement for the administration of immunizations covered under the VFC program will be ten dollars 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.

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

(f) Observation services.

(i) For dates of service during the interim period: payment for observation HCPCS code G0378 will be made using an average rate.

(ii) Payments for observation services grouped to observation EAPG code, will be limited to one unit per day, and a maximum of two consecutive days, except as provided in subsection (I)(1)(f)(iii) of this section.

(iii) 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).

(g) Outpatient Hospital Services

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

(2) Additional items paid outside of EAPG.

Behavioral health (BH) services.

(a) All hospitals that meet the Medicare conditions of participation, have accreditation by national accrediting body and have accreditation for the BH services they provide, may provide outpatient BH services.

(b) Each hospital claim for BH services must contain the following:

(i) HE modifier at the detail level for each BH CPT/HCPCS code;

(ii) Revenue center code 0671, 0900, 0904, 0906, 0907, 0911, 0912, 0913, 0914, 0915, 0916, 0918, 0919 or 1002 for each BH detail line; and

(iii) A BH diagnosis code.