

5101:3-2-22 **Reasonable cost and cost-related reimbursement for hospital services.**

(A) Applicability.

- (1) Reasonable cost reimbursement where interim payments are made to approximate cost based on a historical cost-to-charge ratio, and where reasonable costs actually incurred during a period are subsequently reconciled to interim payments applies to:
- (a) All outpatient hospital services provided by non-Ohio hospitals excluded from inpatient prospective payment as set forth in rule 5101:3-2-07.1 of the Administrative Code which file the ~~ODHS-2930~~ JFS 02930 cost report.
 - (b) All outpatient hospital services provided by Ohio hospitals excluded from inpatient prospective payment as set forth in rule ~~5101:3-2-07.1~~ 5101:3-2-07.1 of the Administrative Code.
 - (c) Inpatient services provided by hospitals excluded from prospective payment as set forth in rule 5101:3-2-07.1 of the Administrative Code.
 - (d) Certain transplant services excluded from prospective payment under the conditions described in rule ~~5101:3-2-07.1~~ 5101:3-2-07.1 of the Administrative Code.
 - (e) Inpatient capital-related costs as set forth in rule 5101:3-2-7.6.
- (2) Cost-related reimbursement where interim payments are made to approximate cost based on a historical cost-to-charge ratio but where no subsequent reconciliation occurs applies to:
- (a) Outpatient hospital services provided by non-Ohio hospitals excluded from inpatient prospective payment as set forth in rule 5101:3-2-07.1 of the Administrative Code which do not file the ~~ODHS-2930~~ JFS 02930 cost-report.
 - (b) Certain outpatient hospital services as defined in paragraphs (D), (E), and (H)(2) of rule 5101:3-2-21 of the Administrative Code.
 - (c) Payment for extraordinary outlier cases described in paragraph (A)(7) of rule ~~5101:3-2-07.9~~ 5101:3-2-07.9 of the Administrative Code. Except that a hospital may request that interim payments for these cases as

TN No. 04-006 APPROVAL DATE 01-01-05 print date: 11-24-2004 09:46 AM

SUPERSEDES

TN No. 00-008 EFFECTIVE DATE 01-01-05

5101:3-2-22

2

described in paragraph (B)(2) of this rule be adjusted subsequent to claim payment to reflect the hospital's medicaid inpatient cost-to-charge ratio calculated using cost-report data from the hospital's fiscal year period during which services were provided.

- (d) Payments for cost outlier cases as described in paragraph (C) of rule ~~5101:3-2-0795~~5101:3-2-07.9 of the Administrative Code, for discharges on or after September 3, 1991.

(B) Payments under reasonable cost reimbursement and cost-related reimbursement.

- (1) For hospital services subject to reasonable cost reimbursement, providers will receive an interim payment as described in paragraph (B)(2) of this rule. These interim payments will be reconciled to the lower of reasonable cost incurred on behalf of medicaid recipients during the time period or total allowed charges for medicaid recipients during the time period.
- (2) Interim payments for services subject to both reasonable cost and cost-related reimbursement are made by applying a historic cost-to-charge ratio to hospital allowed charges.
- (a) For outpatient services, the ratio used is medicaid outpatient costs as reported on ~~ODHS 2930~~JFS 02930, schedule H, section II divided by medicaid outpatient charges as reported on ~~ODHS 2930~~JFS 02930, schedule H, section II. For inpatient hospital services, the ratio used is medicaid inpatient costs, as reported on the ~~ODHS 2930~~JFS 02930, schedule H, section I, divided by medicaid inpatient charges as reported on the ~~ODHS 2930~~JFS 02930, schedule H, section I.
- (b) For those hospitals which do not file the ~~ODHS 2930~~JFS 02930 cost-report, the ratio used is the statewide average. For outpatient services, the ratio used is the sum of medicaid outpatient costs as reported on ~~ODHS 2930~~JFS 02930, schedule H, section II for all Ohio hospitals, divided by the sum of medicaid outpatient charges as reported on ~~ODHS 2930~~JFS 02930, schedule H, section II for all Ohio hospitals. For inpatient hospital services, the ratio used is the sum of medicaid inpatient costs as reported on the ~~ODHS 2930~~JFS 02930, schedule H, section I for all Ohio hospitals, divided by the sum of medicaid inpatient charges as reported on the ~~ODHS 2930~~JFS 02930, schedule H, section I for all Ohio hospitals.
- (c) The ratio used for an interim claim payment will be the ratio that is operational in the claims processing system on the date the claim is

TN No. 04-006 APPROVAL DATE MAR 26 1995

SUPERSEDES

TN No. 00-008 EFFECTIVE DATE 01-01-05

5101:3-2-22

3

paid. The ratios which are operational during a prospective rate year in the claims processing system reflect data from each hospital's ~~cost-reporting~~ cost-report filed with the department during the calendar year proceeding the year during which the prospective rate year begins.

(C) In general, reasonable cost reimbursement recognizes costs that are reasonable and allowable under Title XVIII standards and principles described in 42 CFR 413.1 through 413.40 effective October 1, 2003, except as otherwise provided in this paragraph. These Title XVIII standards and principles are applicable to those covered inpatient and outpatient hospital services as identified in Chapter 5101:3-2 of the Administrative Code which are subject to reasonable cost reimbursement as described in this rule.

(1) The costs identified in paragraphs (C)(1)(a) to (C)(1)(f) of this rule are nonallowable.

(a) Cost of goods or services furnished free, by the hospital, or at less than fair market value. For example, the cost of office space or hospital employee time used to prepare physician invoices for physicians who invoice the department on a fee-for-service basis.

(b) Cost of services not reimbursable due to not having been billed timely as defined in rule ~~5101:3-1-193~~ 5101:3-1-19.3 of the Administrative Code.

(c) Cost of services which would be or are covered by a third-party payer as described in rule 5101:3-1-08 of the Administrative Code.

(d) The amount of any interest expense for money borrowed to alleviate cash flow problems resulting from rate reductions imposed for delinquent filing of cost reports as provided in rule 5101:3-2-23 of the Administrative Code.

(e) The amount of any interest on overpayments and any interest expense for money borrowed to alleviate cash flow problems resulting from an interest assessment as defined in rule 5101:3-1-25 of the Administrative Code.

(f) Costs which exceed limits described in 42 CFR 413.30 effective October 1, 2003 except that the department may exempt certain facilities from these limits as described in 42 CFR 413.30. The determinations to exempt facilities according to 42 CFR 413.30 will be made during the final settlement process.

TN No. 04-006 APPROVAL DATE _____

SUPERSEDES

TN No. 00-008 EFFECTIVE DATE 01-01-05

5101:3-2-22

4

- (2) Provisions of Title XVIII related to prospective payment for inpatient hospital services as described in 42 CFR 412.1 through 412.125 effective October 1, 2003 are not applicable to hospital services reimbursed under the provisions of this rule. Hospital services described in this rule are reimbursed under the provisions described in paragraphs (C) to (C)(1)(f) of this rule except in instances when those regulations have been altered to accommodate the Title XVIII prospective payment system.
- (D) Organ acquisition and transportation costs for heart, heart/lung, liver, pancreas, single/double lung, and liver/small bowel transplant services will be reimbursed at one hundred per cent of billed charges.
- (E) For harvesting costs for bone marrow transplant services, the prospective payment amount will be either:
- (1) The DRG amount as described in rule ~~5101:3-2-074~~ 5101:3-2-07.4 of the Administrative Code if the donor is a medicaid recipient or if the bone marrow transplant is autologous.
 - (2) The product of the allowed charges times the hospital-specific, medicaid inpatient cost-to-charge ratio as described in paragraph (B)(2) of this rule, if the donor is not a medicaid recipient.

TN No. 04-004 APPROVAL DATE MAY 20 2005
SUPERSEDES
TN No. 00-008 EFFECTIVE DATE 01-01-05

5101:3-2-22

5

Effective:

R.C. 119.032 review dates: 10/07/2004

Certification

Date

Promulgated Under: 119.03
Statutory Authority: 5111.02
Rule Amplifies: 5111.02
Prior Effective Dates: 6/3/83, 10/1/83 (Emer.), 12/29/83 (Emer.), 2/1/84,
10/1/84, 7/29/85, 7/3/86, 10/19/87, 4/23/88, 7/1/88
(Emer.), 9/29/88, 7/1/89, 9/3/91 (Emer.), 11/10/91,
7/1/92, 5/1/00

TN No. 04-006 APPROVAL DATE 8-23-04
SUPERSEDES
TN No. 00-008 EFFECTIVE DATE 01-01-05