

## Economic Impact Statement

LSA Document #15-34

**IC 4-22-2.1-5 Statement Concerning Rules Affecting Small Businesses**

This memorandum is submitted in accordance with [IC 4-22-2.1](#) and formalizes the Family and Social Services Administration (FSSA) – Office of Medicaid Policy and Planning's (OMPP) analysis of the small business economic impact of the attached rule amendment.

The FSSA – OMPP proposes to:

- (1) Amend [405 IAC 1-4.2-4](#) to extend through June 30, 2017, the three percent (3%) rate reduction for covered home health agency (HHA) services that is currently set to expire on June 30, 2015, and clarify the time period providers have to submit requested documentation before the possible imposition of sanctions.
- (2) Amend [405 IAC 1-8-3](#) to extend through June 30, 2017, the three percent (3%) rate reduction for covered outpatient hospital services that is currently set to expire on June 30, 2015.
- (3) Amend [405 IAC 1-10.5-6](#) to extend through June 30, 2017, the three percent (3%) rate reduction for covered inpatient hospital services that is currently set to expire on June 30, 2015.
- (4) Amend [405 IAC 1-11.5-2](#) to update the list of procedure codes exempt from the physician global surgery policy.
- (5) Amend [405 IAC 1-12-21](#) to modify the Medicaid reimbursement rule for covered services provided by privately (nonstate) owned intermediate care facilities for the mentally retarded (ICFs/MR) licensed as a comprehensive rehabilitative management needs facility (CRMNF).
- (6) Amend [405 IAC 1-12-27](#) to extend through June 30, 2017, the one percent (1%) rate reduction for covered services provided by privately (nonstate) owned intermediate care facilities for the mentally retarded (ICFs/MR) and community residential facilities for the developmentally disabled (CRFs/DD) that is currently set to expire on June 30, 2015.
- (7) Amend [405 IAC 1-14.6-2](#) to update and add definitions.
- (8) Amend [405 IAC 1-14.6-5](#) to add a penalty for untimely filing of the Checklist of Management Representations.
- (9) Amend [405 IAC 1-14.6-7](#) to modify the case mix indices, inflation adjustment, and effective dates.
- (10) Amend [405 IAC 1-14.6-9](#) to modify dates and the total quality score.
- (11) Amend [405 IAC 1-14.6-18](#) to update beginning and end dates for allowable costs.
- (12) Amend [405 IAC 1-14.6-24](#) to extend, through June 30, 2017, the nursing facility (NF) quality assessment fee (QAF) and to modify the language to conform to the applicable statutory provisions and the federal waiver.
- (13) Amend [405 IAC 1-14.6-26](#) to modify the rate reduction for reimbursed nursing facilities.
- (14) Amend [405 IAC 1-19-2](#) to revise the time period providers are required to notify the OMPP of a change in ownership.
- (15) Amend [405 IAC 1-20-2](#) to make mandatory language permissive.
- (16) Amend [405 IAC 5-24-6](#) to extend through June 30, 2017, the expiration of the Medicaid dispensing fee maximum of three dollars and ninety cents (\$3.90) that is currently set to expire on June 30, 2015.
- (17) Amend [405 IAC 5-24-13](#) to revise and clarify the criteria for determining when legend and nonlegend water products are to be included in the nursing facility per diem rate and when they are to be reimbursed through the pharmacy benefit.
- (18) Add [405 IAC 5-24-14](#) to add criteria for determining when skin protectants, sealants, moisturizers, and ointments are to be included in the nursing facility per diem rate and when they are to be reimbursed through the pharmacy benefit.
- (19) Amend [405 IAC 5-31-4](#) to revise the criteria for determining when legend and nonlegend water products are included in the nursing facility per diem rate and add criteria for determining when skin protectants, sealants, moisturizers, and ointments are to be included in the nursing facility per diem rate.

**Impact on Small Business**

The following section provides responses to the following questions outlined in [IC 4-22-2.1-5](#):

**1. An estimate of the number of small businesses, classified by industry sector, that will be subject to the proposed rule.**

[IC 5-28-2-6](#) defines a small business as a business entity that satisfies the following requirements:

- (1) On at least fifty percent (50%) of the working days of the business entity occurring during the preceding calendar year, the business entity employed not more than one hundred fifty (150) employees.
- (2) The majority of the employees of the business entity work in Indiana.

The OMPP estimates the number of businesses that are Medicaid certified and meet the criteria of a small business to be as follows:

Rate Reductions:

- a. HHAs – 188 out of 200 Indiana providers
- b. Outpatient Hospitals – 9 out of 142 Indiana providers
- c. Inpatient Hospitals – 12 out of 163 Indiana providers
- d. ICFs/IID and CRFs/DD – 106 out of 511 Indiana providers
- e. Pharmacies – 194 out of 1,211 Indiana providers

Rate Reductions, Changes of Ownership, and QAF Modifications:

NFs – 59 out of 486 Indiana providers

Other Changes:

- a. There is one (1) ICF/IID licensed as a CRMNF, and it is not a small business.
- b. Physician providers will not be impacted by the addition of the delivery CPT codes to the list of codes exempt from the global surgery policy because the OMPP's payment policy already exempts these codes.
- c. NFs and pharmacy providers will not be impacted by the modified language of the rule regarding sterile water and skin protectants, as it represents a regulatory clarification of existing OMPP policy.

**2. An estimate of the average annual reporting, record keeping, and other administrative costs that small businesses will incur to comply with the proposed rule.**

The proposed rule amendment will not impose any additional annual reporting, record keeping, or other administrative costs on small businesses in order to comply with the proposed rule.

**3. An estimate of the total annual economic impact that compliance will have on small businesses subject to the rule.**

Since no small businesses will incur any additional cost to comply with this rule, there is no economic impact that compliance will have on a small business subject to this rule.

**4. A statement justifying any requirement or cost that is imposed by the rule and not expressly required by law. The statement must reference any data, studies, or analyses relied upon by the agency in determining imposition of the requirement or cost is necessary.**

The proposed rule amendment will not impose any requirement or cost on small businesses in order to comply with the proposed rule.

**5. Any regulatory flexibility analysis that considers any less intrusive or less costly alternative methods of achieving the same purpose.**

Other factors considered:

**A. Establishment of less stringent compliance or reporting requirements for small businesses.**

The rule has no impact on reporting requirements for small businesses.

**B. Establishment of less stringent schedules or deadlines for compliance or reporting requirements for small businesses.**

The rule has no impact on schedules or deadlines for compliance or reporting requirements for small businesses.

**C. Consolidation or simplification of compliance or reporting requirements for small businesses.**

The rule has no impact on compliance or reporting requirements for small businesses.

**D. Establishment of performance standards for small businesses instead of design or operational standards imposed on other regulated entities by the rule.**

The rule has no impact on performance or operational standards for small businesses.

**E. Exemption of small businesses from part or all of the requirements or costs imposed by the rule.**

The rule imposes no additional requirements or cost on small businesses.

If there are any programmatic or fiscal questions, please contact Joy Heim at (317) 234-4753 or at [joy.heim@fssa.in.gov](mailto:joy.heim@fssa.in.gov). Questions regarding any other aspect of the proposed changes should also be addressed to Kim Crawford at (317) 232-1244 or at [kim.crawford@fssa.in.gov](mailto:kim.crawford@fssa.in.gov).

Please contact Kim Crawford at (317) 232-1244 or at [kim.crawford@fssa.in.gov](mailto:kim.crawford@fssa.in.gov) regarding IEDC's comments about this rule amendment. The public hearing will be scheduled after receiving authorization from Legislative Services Agency to do so. Ms. Crawford will then contact you to provide the date of the hearing for your convenience.

*Posted: 03/04/2015 by Legislative Services Agency*

An [html](#) version of this document.