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**TITLE 405 OFFICE OF THE SECRETARY OF  
FAMILY AND SOCIAL SERVICES**

**LSA Document #03-164**

Under IC 12-8-3-4.4, LSA Document #03-164, printed at 26 IR 3929, was adopted on November 10, 2003, which amends 405 IAC 1-8-2 to clarify that ambulatory surgical center services are covered within the scope of 405 IAC 1-8. Amends 405 IAC 1-8-3 to eliminate outpatient reimbursement for outpatient hospital and ambulatory surgical center services occurring within three calendar days of an inpatient admission for the same or related diagnosis. The amendments also change the basis of rates that were established using data from 1992 to indicate that rates will be based on the fee schedule amounts during state fiscal year 2003 and include conforming changes and other changes to reflect current operant policies. Amends 405 IAC 1-10.5-2 and 405 IAC 1-10.5-3 to define marginal cost factor; clarify the definition of a Medicaid day; modify inpatient reimbursement to pay the lower of provider charges or diagnosis related grouping (DRG) and level of care (LOC) inpatient rates; include the costs of outpatient hospital and ambulatory surgical center services that lead to an inpatient admission when determining relative weights; indicate that readmissions for the same or related diagnoses within three calendar days after discharge will be treated as the same admission for payment purposes; eliminate DRG payments for Medicaid recipients subsequent to their return from a transferee hospital; and changes the reimbursement methodology for inpatient hospital stays less than one-day to the outpatient methodology. The amendments include conforming changes and other changes to reflect current operant policies. The rule which was adopted is a different version than the proposed rule which was published in the Indiana Register on September 1, 2003.