

CSI - Ohio

The Common Sense Initiative

Business Impact Analysis

Agency Name: Ohio Department of Mental Health and Addiction Services _____

Regulation/Package Title: Cost Reporting Rules _____

Rule Number(s): 3793:2-1-09, 3793:2-1-10, 5122-26-19, and 5122-26-19.1

Date: March 11, 2014

Rule Type:

- | | |
|----------------------------------|---|
| <input type="checkbox"/> New | <input type="checkbox"/> 5-Year Review |
| <input type="checkbox"/> Amended | <input checked="" type="checkbox"/> Rescinded |

The Common Sense Initiative was established by Executive Order 2011-01K and placed within the Office of the Lieutenant Governor. Under the CSI Initiative, agencies should balance the critical objectives of all regulations with the costs of compliance by the regulated parties. Agencies should promote transparency, consistency, predictability, and flexibility in regulatory activities. Agencies should prioritize compliance over punishment, and to that end, should utilize plain language in the development of regulations.

Regulatory Intent

1. Please briefly describe the draft regulation in plain language.

Please include the key provisions of the regulation as well as any proposed amendments.

These rules require that mental health and addiction service providers file annual uniform cost reports detailing the costs the providers incur in the course of their business. The cost reports were used as the basis of calculating the amount the state paid for those services. Medicaid now uses a different methodology to set rates and the rules are no longer necessary. The rules are being rescinded to save the providers both time and money.

2. Please list the Ohio statute authorizing the Agency to adopt this regulation.

R.C. 5119.22

3. Does the regulation implement a federal requirement? Is the proposed regulation being adopted or amended to enable the state to obtain or maintain approval to administer and enforce a federal law or to participate in a federal program?

If yes, please briefly explain the source and substance of the federal requirement.

No.

4. If the regulation includes provisions not specifically required by the federal government, please explain the rationale for exceeding the federal requirement.

Not applicable.

5. What is the public purpose for this regulation (i.e., why does the Agency feel that there needs to be any regulation in this area at all)?

The rules required that service providers submit audited cost reports, which were used as the basis for setting rates paid by the state for those services. This methodology allowed the predecessor departments to protect the public interest in expending funds. Rates for these services are now set through other methodologies through Medicaid and the cost reports present a burden to both service providers and the department.

6. How will the Agency measure the success of this regulation in terms of outputs and/or outcomes?

Service providers will experience a decrease in the cost of doing business.

Development of the Regulation

7. Please list the stakeholders included by the Agency in the development or initial review of the draft regulation.

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If applicable, please include the date and medium by which the stakeholders were initially contacted.

In making the decision to rescind these four rules, the Department is formally acting on several years of informal requests from individual service providers. The plan to rescind the rules was announced at the February 28, 2014 meeting of the Rules and Policy committee. Members of the Ohio Council of Behavioral Health & Family Services Providers and the Ohio Association of County Behavioral Health Authorities were present, along with individual stakeholders from the provider community.

8. What input was provided by the stakeholders, and how did that input affect the draft regulation being proposed by the Agency?

Stakeholders have been requesting the rescission at meetings on other topics and through their trade organization the Ohio Council of Behavioral Health & Family Services Providers.

9. What scientific data was used to develop the rule or the measurable outcomes of the rule? How does this data support the regulation being proposed?

Not applicable.

10. What alternative regulations (or specific provisions within the regulation) did the Agency consider, and why did it determine that these alternatives were not appropriate? If none, why didn't the Agency consider regulatory alternatives?

Not applicable.

11. Did the Agency specifically consider a performance-based regulation? Please explain. *Performance-based regulations define the required outcome, but don't dictate the process the regulated stakeholders must use to achieve compliance.*

Not applicable.

12. What measures did the Agency take to ensure that this regulation does not duplicate an existing Ohio regulation?

Not applicable.

13. Please describe the Agency's plan for implementation of the regulation, including any measures to ensure that the regulation is applied consistently and predictably for the regulated community.

The rescission of these rules will be communicated to the service provider community in advance of their submission deadline by use of mailing lists.

Adverse Impact to Business

14. Provide a summary of the estimated cost of compliance with the rule. Specifically, please do the following:

a. Identify the scope of the impacted business community;

Not applicable. Rescission will remove impact of reporting.

b. Identify the nature of the adverse impact (e.g., license fees, fines, employer time for compliance); and

Service providers had to expend employee time to prepare reports and bear the costs of auditing under these rules.

c. Quantify the expected adverse impact from the regulation.

The adverse impact can be quantified in terms of dollars, hours to comply, or other factors; and may be estimated for the entire regulated population or for a “representative business.” Please include the source for your information/estimated impact.

Estimates for the costs of preparing the reports will vary depending on the size of the provider, the complexity of their operation, and their accounting methods. However, it was estimated at the time of the implementation of the cost reporting rules that an average provider would spend \$3,000-\$5,000 per year in preparing the reports. This rule action will result in a cost savings to each provider.

15. Why did the Agency determine that the regulatory intent justifies the adverse impact to the regulated business community?

The rules are no longer necessary and their impact is no longer justified on the regulated community.

Regulatory Flexibility

16. Does the regulation provide any exemptions or alternative means of compliance for small businesses? Please explain.

No, all service providers were required to submit these reports.

17. How will the agency apply Ohio Revised Code section 119.14 (waiver of fines and penalties for paperwork violations and first-time offenders) into implementation of the regulation?

There were no fines for incomplete filings, but service providers had to correct filings before being eligible for reimbursement for services provided.

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18. What resources are available to assist small businesses with compliance of the regulation?

Not applicable.