



Michael R. Pence, Governor
State of Indiana

Office of General Counsel
402 W. WASHINGTON STREET, ROOM W451, MS27
INDIANAPOLIS, IN 46204-2744

REQUEST FOR RULEMAKING AND FAMILY IMPACT CERTIFICATION

PURPOSE FOR RULE

- Federal requirements require all covered entities, including FSSA – OMPP, to transition to ICD-10 on October 1, 2015.
- The FSSA – OMPP plans to implement a new diagnosis-related group (“DRG”) classification system that will accommodate ICD-10 diagnosis and procedure coding.
- In conjunction with the adoption of ICD-10 and the implementation of the new DRG system on October 1, 2015, the FSSA – OMPP must rebased inpatient hospital DRG rates.

REQUESTED RESPONSE TIME

To facilitate a smooth transition to ICD-10, FSSA must promulgate this proposed rule expeditiously. Given the urgent nature of this proposed rule, FSSA respectfully requests a response to this submission on or before **October 19, 2015**.

Thank you for your attention to this matter. Should you have any questions regarding this submission, please feel free to contact me at (317) 232-1244 or kim.crawford@fssa.in.gov.

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Indiana Family and Social Services Administration
402 W. WASHINGTON STREET, P.O. BOX 7083
INDIANAPOLIS, IN 46207-7083

John J. Wernert, M.D., Secretary

TO: Micah Vincent, Director
Office of Management and Budget

FROM: John Wernert, M.D., Secretary 
Family and Social Services Administration

RE: Request to Proceed with Rulemaking – Inpatient Hospital DRG Reimbursement
Changes

DATE: September 29, 2015

The Indiana Family and Social Services Administration (“FSSA”), Office of Medicaid Policy and Planning (“OMPP”), intends to adopt a rule that makes changes associated with the implementation of the International Classification of Diseases 10th Revision (“ICD-10”) diagnosis and procedure codes and the rebasing of inpatient hospital diagnosis related group (DRG) payment rates.

Pursuant to Executive Order 13-03 (“Executive Order”) and the Financial Management Circular 2013-01, FSSA is requesting that the Office of Management and Budget (“OMB”) Director approve its request to proceed with rulemaking pursuant to the exceptions listed in subsection 6.f.

Background

Due to federal requirements that all covered entities under the Health Insurance Portability and Accountability Act (HIPAA) transition to ICD-10 on October 1, 2015, the FSSA – OMPP plans to implement a new diagnosis-related group (“DRG”) classification system, the 3M™ All-Patient Refined (APR) DRG grouper, that will accommodate ICD-10 diagnosis and procedure coding. Inpatient hospital DRG rates are being rebased in conjunction with the adoption of ICD-10 and the implementation of the new DRG system on October 1, 2015. As a result, this proposed rule will also require technical changes to 405 IAC 1-10.5.



Federal Mandate Exception

Section 6.c. of the Executive Order excepts any rule from the rulemaking moratorium that “implements a federal mandate and no waiver is permitted.” The purpose of the proposed rule is to update the inpatient hospital DRG classification system in order to comply with federal requirements for the adoption of ICD-10. There is no waiver or exception permitted to these federal requirements.

Health or Safety Exception

Section 6.g. of the Executive Order excepts any rule from the rulemaking moratorium “whose predominate purpose and effect are to address matters of emergency or health or safety....” The proposed rule will make changes associated with the adoption of ICD-10 and the implementation of the new DRG system. According to the Centers for Medicare and Medicaid Services (CMS), ICD-10 coding “provide(s) specific diagnosis and treatment information that can improve quality measurements and patient safety, and the evaluation of medical processes and outcomes.” (See 74 FR 3330.)

FSSA – OMPP respectfully requests that the OMB Director approve its request to proceed with the rulemaking necessary to make these reimbursement changes for inpatient hospital providers. FSSA – OMPP would be happy to provide additional information or answer any questions the OMB Director may have regarding this proposed rule.

Office of the Secretary of Family and
Social Services



John J. Wernert, M.D., Secretary

CC: Chris Fletcher, Office of Medicaid Policy and Planning
Yvonne Burke, Office of Medicaid Policy and Planning
Leslie Huckleberry, FSSA Staff Attorney
Allison Taylor, FSSA General Counsel
Douglas Jenkins, Myers and Stauffer



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FSSA's Family Impact Statement for Inpatient Hospital DRG Reimbursement Changes

Executive Order 13-05 ("Order") requires the Family and Social Services Administration ("FSSA") to assess a policy or proposed rule's impact on family formation and general well-being and to certify its compliance with the Order. FSSA hereby submits this certification that it has assessed the proposed rule's impact on family formation and general well-being pursuant to the enumerated considerations listed in the Order.

Background and summary of the rule

The proposed rule make changes associated with the implementation of the International Classification of Diseases 10th Revision ("ICD-10") diagnosis and procedure codes and the rebasing of inpatient hospital diagnosis-related group (DRG) payment rates. Due to federal requirements that all covered entities under the Health Insurance Portability and Accountability Act (HIPAA) transition to ICD-10 on October 1, 2015, the FSSA plans to implement a new DRG classification system, the 3M™ All-Patient Refined (APR) DRG grouper, that will accommodate ICD-10 diagnosis and procedure coding. Inpatient hospital DRG rates are being rebased in conjunction with the adoption of ICD-10 and the implementation of the new DRG system on October 1, 2015. As a result, this proposed rule will also require technical changes to 405 IAC 1-10.5.

Impact of the proposed rule on the family well-being or family formation

FSSA assessed the proposed rule's impact on family formation and well-being, in light of the six (6) considerations enumerated in the Order. Overall, FSSA expects that the proposed rule will have a **neutral** impact on family formation and well-being. FSSA is submitting this certification to the OMB that it has considered the requisite criteria in Executive Order 13-05 in developing the proposed rule. FSSA's response to the enumerated measures is as follows:

1) Whether or not this action by government strengthens or erodes the stability of the family and the marital commitment.

Response: FSSA does not expect the proposed rule to destabilize the family or marital commitment. The rate reimbursement provisions are administrative in nature and do not impact family well-being or family formation. The proposed rule primarily concerns the



relationship between the Medicaid program and the payment to inpatient hospital Medicaid providers.

2) Whether or not this action encourages or discourages non-marital childbearing.

Response: The rate reimbursement provisions are administrative in nature and concern the relationship between the Medicaid program and payment to inpatient hospital Medicaid providers. Thus, the proposed rule neither encourages nor discourages non-marital childbearing.

3) Whether or not this action respects or inhibits the rights of parents to raise their children and make the best choices about their children's education, health, and well-being.

Response: The rate reimbursement provisions are administrative in nature and concern the relationship between the Medicaid program and payment to inpatient hospital Medicaid providers. Thus, the proposed rule does not affect the rights of parents to raise their children and make the best choices about their children's education, health, and well-being.

4) Whether or not this action increases or decreases private family earnings or the incentive for parents to provide materially and emotionally for their children.

Response: The rate reimbursement provisions are administrative in nature and concern the relationship between the Medicaid program and payment to inpatient hospital Medicaid providers. Thus, FSSA does not expect the proposed rule amendments to provide a disincentive for parents to provide for their children or reduce family earnings.

5) What message, intended or otherwise, does this program send to the public concerning the status of the family?

Response: The rate reimbursement provisions are administrative in nature and concern the relationship between the Medicaid program and payment to inpatient hospital Medicaid providers. Thus, the proposed rule does not send a positive or negative message concerning the status of the family.

6) What message does the action send to children about the relationship between their present choices and their future well-being?

Response: The rate reimbursement provisions are administrative in nature and concern the relationship between the Medicaid program and payment to inpatient hospital Medicaid providers. Thus, the proposed rule does not send a positive or negative message

to children concerning the relationship between their present choices and their future well-being.

Office of the Secretary of Family and
Social Services



John J. Wernert, M.D., Secretary



Family Impact Assessment

Documentation of new Policies and Rules

Pursuant to Section 2(a)-(f) of Executive Order 13-05:

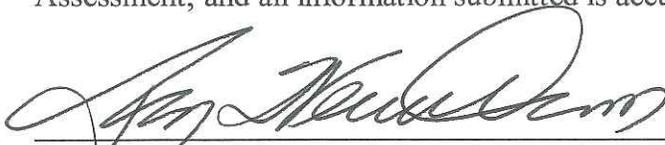
In formulating and implementing policies and rules that may have a significant impact on family formation and general well-being, the agencies listed in Section 1 of Executive Order 13-05 shall assess such measures in light of the following considerations:

- 1) **Whether or not this action by government strengthens or erodes the stability of the family and the marital commitment.**
- 2) **Whether or not this action encourages or discourages non-marital childbearing.**
- 3) **Whether or not this action respects or inhibits the rights of parents to raise their children and make the best choices about their children's education, health, and well-being.**
- 4) **Whether or not this action increases or decreases private family earnings or the incentive for parents to provide materially and emotionally for their children.**
- 5) **What message, intended or otherwise, does this program send to the public concerning the status of the family?**
- 6) **What message does the action send to children about the relationship between their present choices and their future well-being?**

These assessments should be answered on a separate document attached to this submission form and clearly marked as answers to considerations 1-6. If an agency does not think that a consideration applies to their proposal, the agency must include an explanation of why the consideration does not apply. Additionally, if the proposal contains a potentially negative impact on family well-being or family formation, the agency must include an explanation of why the proposal is necessary.

This submission form and the agency assessments should be submitted simultaneously with the proposed policy or rule to the Office of Management and Budget.

By signing below, the agency head certifies that they are aware of the Family Impact Assessment, and all information submitted is accurate to the best of their knowledge.



John J. Wernert, M.D., Secretary

10/2/15

Date

FSSA

Agency