Ohio Revised Code

Section 5162.25

Effective: September 30, 2025
Legislation: House Bill 96

(A) As used in this section:

(1) "State directed payment program" means a payment program authorized by the United States centers for medicare and medicaid services under 42 C.F.R. 438.6(c).

(2) "Preprint" means a form created by the United States centers for medicare and medicaid services to request approval of a state directed payment program, as required under 42 C.F.R. 438.6(c).

(B)(1) Except as provided in division (B)(2) or (3) of this section, the medicaid director shall comply with this section for all new and existing state directed payment programs.

(2) The medicaid director shall not establish more than fifty state directed payment programs during a fiscal biennium.

(3) This section does not apply to a state directed payment program that is funded by the department of medicaid or the hospital franchise permit fee program.

(C) All of the following apply to a state directed payment program that is subject to this section:

(1) The program shall comply with the requirements of 42 C.F.R. 438.6(c), including all of the following:

(a) The program shall be approved by the United States centers for medicare and medicaid services, and the director shall seek approval for the program in accordance with section 5162.07 of the Revised Code.

(b) Directed payments under the program shall not exceed the average commercial rate for all providers participating under a preprint unless exempted by a value-based purchasing agreement

approved by the United States centers for medicare and medicaid services.

(c) The program shall be subject to an evaluation plan, in accordance with 42 C.F.R. 438.6(c)(2)(ii)(D).

(2) The program shall be for hospital providers and services or professional services provided by hospitals.

(3) Unless otherwise determined by the medicaid director, only one state directed payment preprint may be approved for each of the following provider classes:

(a) Inpatient and outpatient hospital services;

(b) Physician services;

(c) Children's hospitals participating in the outcomes acceleration for kids quality initiative.

(D) A hospital provider participating in a state directed payment program shall do all of the following:

(1) Enter into one or more contracts related to the state directed payment program as necessary, as determined by the department;

(2) Comply with all average commercial rate reporting requirements established by the department, related to the requirements set forth in 42 C.F.R. 438.6(c)(2)(iii);

(3) Comply with the department's state directed payment quality measure set, including the metrics and targets set by the department for the state directed payment program to advance the goals and objectives specified in the department's quality strategy, as specified in 42 C.F.R. 438.6(c)(2)(ii)(C) and 42 C.F.R. 438.340;

(4) Cooperate with any evaluation or reporting requirements established by the department related to the requirements set forth in 42 C.F.R. 438.6(c)(2)(ii)(D) and (F).

(E) For any preprint effective for a rating period beginning on or after January 1, 2027, a hospital provider contract required under division (D)(1) of this section shall be executed not later than the first day of October preceding the first fiscal year of a biennium. A contract required under this section may be entered into in accordance with section 5162.32 of the Revised Code.

(F) The department shall enter into an agreement with the authorized representative of each entity participating in a state directed payment program established under this section. No agreement entered into under this section shall be valid and enforceable unless the director of budget and management first certifies that there is a balance in the appropriation used to support state directed payment programs that is not already obligated under existing directed payment programs, in an amount at least equal to the cost in the current fiscal year of the state directed payment program that is the subject of the agreement.

(G)(1) All funds supporting a state directed payment program shall comply with the requirements specified in 42 C.F.R. 433.51. No hospital provider may participate in a state directed payment program unless sufficient funds are obligated and appropriated.

(2) The department shall not at any time provide general revenue funds or other state funds for a state directed payment program that is subject to this section. The director shall terminate or decline to establish any state directed payment program if either of the following is the case:

(a) Local funding is not available or sufficient to sustain the program.

(b) The federal government restricts or limits the availability of federal funds to support state directed payment programs or otherwise requires the state to utilize general revenue funds or other state funds as a condition of establishing or maintaining a state directed payment program.

(H) The department shall not utilize more than two per cent of funds received to support a state directed payment program established under this section, including federal financial participation, for the administration of state directed payment programs. Additionally, the department shall not utilize more than two per cent of funds received to support a state directed payment program established under this section, including federal financial participation, for the administration of the department

and the medicaid program.