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State/Territory Name: OH

State Plan Amendment (SPA) #: 14-019

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850



Financial Management Group

MAR 29 2016

John McCarthy, Medicaid Director
Office of Ohio Health Plans
Ohio Department of Medicaid
P.O. Box 182709
50 West Town Street, Suite 400
Columbus, Ohio 43218

RE: Ohio State Plan Amendment (SPA) 14-019

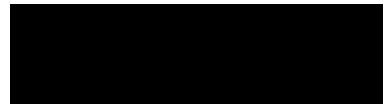
Dear Mr. McCarthy:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 14-019. Effective July 1, 2014, this SPA establishes a third peer group to establish the direct care, indirect care, and capital rate components for ICF/IIDs.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), and 1903(a) of the Social Security Act and the regulations at 42 CFR 447 Subpart C. We hereby inform you that Medicaid State plan amendment 14-019 is approved effective July 1, 2014. We are enclosing the HCFA-179 and the amended plan pages.

If you have any questions, please call Fred Sebree at (217) 492-4122.

Sincerely,



Kristin Fan
Director

Enclosure

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL		1. TRANSMITTAL NUMBER: 14-019 (Revised)	2. STATE OHIO
FOR: CENTERS FOR MEDICARE AND MEDICAID SERVICES TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE & MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
5. TYPE OF PLAN MATERIAL <i>(Check One)</i> : <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT <i>(Separate Transmittal for each amendment)</i>		4. PROPOSED EFFECTIVE DATE July 1, 2014	
6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 440.150 42 CFR 447 Subpart C 42 CFR 483 Subpart I		7. FEDERAL BUDGET IMPACT: a. FFY 2014 \$ 709 thousands b. FFY 2015 \$ 2,114 thousands	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-D, Supplement 2 Pages 4, 6, 8, 10, 11, 13, 14, 16, 17, 18		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT <i>(If Applicable)</i> : Attachment 4.19-D, Supplement 2 Pages 4, 6, 8, 10, 11, 13, 14, 16, 17, 18 (TN 13-020)	
10. SUBJECT OF AMENDMENT: Payment for services: Intermediate care facility services			
11. GOVERNOR'S REVIEW <i>(Check One)</i> : <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED The State Medicaid Director is the Governor's designee <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL: 		16. RETURN TO: Carolyn Humphrey Ohio Department of Medicaid P.O. BOX 182709 Columbus, Ohio 43218	
13. TYPED NAME: John B. McCarthy		14. TITLE: STATE MEDICAID DIRECTOR	
15. DATE SUBMITTED: 9/30/2014		17. DATE RECEIVED:	
FOR REGIONAL OFFICE USE ONLY			
18. DATE APPROVED: MAR 29 2016		PLAN APPROVED – ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: JUL 01 2014		20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME: KRISTIN FAN		22. TITLE: Director, FM6	
23. REMARKS:			

Instructions on Back

Peer Groups

Peer Groups are used to establish the direct care, indirect care and capital rate components for intermediate care facility for individuals with intellectual disabilities rates. There are three peer groups. Peer Group 1 consists of all intermediate care facilities for individuals with intellectual disabilities with a Medicaid certified capacity greater than 8 beds. Peer Group 2 consists of each intermediate care facility for individuals with intellectual disabilities with a Medicaid certified capacity of eight or fewer beds which is not in Peer Group 3. Peer Group 3 consists of each intermediate care facility for individuals with intellectual disabilities to which all of the following apply:

- 1) The intermediate care facility for individuals with intellectual disabilities is first certified after July 1, 2014;
- 2) The intermediate care facility for individuals with intellectual disabilities has a Medicaid certified capacity not exceeding six beds;
- 3) The intermediate care facility for individuals with intellectual disabilities has a contract with DODD that is for fifteen years and includes a provision for DODD to approve all admissions to and discharges from the facility;
- 4) The residents are admitted to the intermediate care facility for individuals with intellectual disabilities directly from a state operated developmental center or have been determined by DODD to be at risk of admission to a developmental center.

Calculation of Direct Care Per Diem for Peer Groups 1 and 2

A direct care per diem rate is established for each intermediate care facility for individuals with intellectual disabilities using allowable direct care costs as reported by each facility in accordance with the following calculation:

- 1) Calculate the direct care cost per diem for each provider by dividing the allowable direct care costs by the inpatient days reported on the same cost report.
- 2) Calculate the direct care cost per case mix unit for each provider by dividing the provider's direct care costs per diem by the annual average case mix score for the provider. The annual average case mix score is the average of the provider's scores for the March 31, June 30, September 30, and December 31 reporting period end dates for the calendar year corresponding to the calendar year for which costs are reported.
- 3) Determine the maximum cost per case mix unit for each peer group:
 - a. The maximum cost per case mix unit for Peer Group 1 is \$113.59.
 - b. The maximum cost per case mix unit for Peer Group 2 is \$117.66.
- 4) The allowable cost per case mix unit is the lesser of the facility cost per case mix unit or the maximum cost per case mix unit for the peer group.
- 5) Multiply the allowable cost per case mix unit by the annual average case mix score for the provider and then multiply the product by an inflation factor to determine the direct care per diem for the facility. The inflation factor is 1.0140.

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Calculation of Indirect Care Per Diem for Peer Groups 1 and 2

An indirect care per diem rate is established for each intermediate care facility for individuals with intellectual disabilities using allowable indirect care costs as reported by each facility in accordance with the following calculation:

- 1) Divide the allowable indirect care costs by the greater of the inpatient days reported on the same cost report or imputed occupancy.
 - a. Imputed Occupancy is 85% of the total number of bed days available based on the number of certified beds for the facility
- 2) Multiply the result above by an inflation factor to determine the inflated indirect care costs per diem. The inflation factor is 1.0140.
- 3) Determine the maximum inflated indirect care cost per diem for each peer group:
 - a. The maximum inflated indirect care cost per diem for Peer Group 1 is \$68.98.
 - b. The maximum inflated indirect care cost per diem for Peer Group 2 is \$59.60.
- 4) Determine the maximum efficiency incentive for each peer group:
 - a. The maximum efficiency incentive for Peer Group 1 is \$3.69.
 - b. The maximum efficiency incentive for Peer Group 2 is \$3.19.
- 5) The allowable indirect care per diem rate is:
 - a. If the inflated indirect care cost per diem is higher than the maximum inflated indirect care cost per diem for the peer group, the indirect care per diem rate is equal to the maximum inflated indirect care cost per diem for the peer group.
 - b. If the inflated indirect care cost per diem is lower than the maximum inflated indirect care cost per diem for the peer group, the indirect care cost per diem is equal to:
 - i. The inflated indirect care cost per diem plus:
 - 1) For Peer Group 1 if the intermediate care facility for individuals with intellectual disabilities has obtained DODD's approval to downsize or convert to home and community based services at least 10% of their Medicaid certified bed capacity or 5 beds, whichever is fewer, an efficiency incentive equal to either the maximum efficiency incentive for the peer group or a reduced efficiency incentive if the maximum efficiency incentive would cause the indirect care per diem rate to be above the maximum inflated indirect care cost per diem for the peer group.
 - 2) For Peer Group 1 if the intermediate care facility for individuals with intellectual disabilities has not obtained DODD's approval to downsize or convert to home and community based services at least 10% of their Medicaid certified bed capacity or 5 beds, whichever is fewer, an efficiency incentive equal to either one half of the maximum efficiency incentive for the peer group; or an efficiency incentive equal to one half of the reduced efficiency incentive if the maximum efficiency incentive would cause the indirect care per diem rate to be above the maximum inflated indirect care cost per diem for the peer group.
 - 3) For Peer Group 2 an efficiency incentive equal to either the maximum efficiency incentive for the peer group or a reduced efficiency incentive if the maximum efficiency incentive would cause the indirect care per diem rate to be above the maximum inflated indirect care cost per diem for the peer group.

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Calculation of Capital Per Diem for Peer Groups 1 and 2

A capital per diem rate is established for each intermediate care facility for individuals with intellectual disabilities using allowable capital costs as reported by each facility in accordance with the following calculation:

- 1) The capital per diem rate is the sum of the following:
 - a. Cost of Ownership per diem
 - b. Non-Extensive Renovations per diem
 - c. Cost of Ownership efficiency incentive

The Cost of Ownership per diem is calculated by the following:

- 1) Divide the allowable cost of ownership costs as reported by each facility by the greater of the inpatient days reported on the same cost report or imputed occupancy.
 - a. Imputed occupancy is 95% of the total number of bed days available based on the number of certified beds for the facility.
- 2) The cost of ownership per diem is the lower of the results of the calculation above or the cost of ownership ceilings which are set in accordance with Section 5124.17 of the Ohio Revised Code (effective July 1, 2014):
 - a. For Peer Group 1, the ceiling ranges from \$2.58 - \$14.28 (then adjusted for inflation). The precise ceiling for each facility is determined in accordance with the above-reference statute, and is based on the original date of licensure of each bed in the facility and represents a weighted average of all beds in the facility.
 - b. For the Peer Group 2, the ceiling is \$18.32 (then adjusted for inflation).

Cost of ownership ceilings are adjusted for inflation based on amounts set in state statute for July 1, 1993, and inflated to the current year. The inflation factor used to adjust the capital portion of the rate is based on the consumer price index for shelter for all urban consumers for the Midwest region, as published by the United States bureau of labor statistics.

The Non-Extensive Renovations per diem is calculated by the following:

- 1) Divide the allowable non-extensive renovations costs as reported by each facility by the greater of the inpatient days reported on the same cost report or imputed occupancy
 - a. Imputed occupancy is 95% of the total number of certified beds for the facility
- 2) The non-extensive renovations per diem is the lower of the result of the calculation in #1 above or the maximum non-extensive renovations per diem which is \$8.08 (then adjusted for inflation in the same manner as the cost of ownership ceilings) set in accordance with Section 5124.17 of the Ohio Revised Code (effective July 1, 2014).

The Cost of Ownership Efficiency Incentive is calculated by the following:

- 1) For Peer Group 1 if the intermediate care facility for individuals with intellectual disabilities has obtained DODD's approval to downsize or convert to home and community based services at least 10% of their Medicaid certified bed capacity or 5 beds, whichever is fewer, and for all of Peer Group 2, twenty-five percent of the difference between the allowable cost of ownership calculation in #1 under Cost of Ownership per diem above and the inflated maximum cost of ownership per diem for the facility calculated in Cost of Ownership #2 above.
- 2) For Peer Group 1 if the intermediate care facility for individuals with intellectual disabilities has not obtained DODD's approval to downsize or convert to home and community based services at least 10% of their Medicaid certified bed capacity or 5 beds, whichever is fewer, twelve and a half percent of the difference between the allowable cost of ownership calculation in #1 under Cost of Ownership per diem above and the inflated maximum cost of ownership per diem for the facility calculated in Cost of Ownership #2 above.
- 3) For Peer Group 2 twenty-five percent of the difference between the allowable cost of ownership calculation in #1 under Cost of Ownership per diem above and the inflated maximum cost of ownership per diem for the facility calculated in Cost of Ownership #2 above.
 - a. For Peer Group 2, the maximum cost of ownership efficiency incentive is \$3.00 (then adjusted for inflation in the same manner as the cost of ownership ceilings) set in accordance with Section 5124.17 of the Ohio Revised Code (effective July 1, 2014).

The total capital per diem rate for a facility in Peer Group 2 cannot exceed the sum of the maximum amounts for the Cost of Ownership per diem and the Non-Extensive Renovations per diem as described above.

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Calculation of Other Protected Per Diem for Peer Groups 1 and 2

Another protected per diem rate is established for each intermediate care facility for individuals with intellectual disabilities using allowable other protected costs as reported by each facility in accordance with the following calculation:

- 1) Subtract allowable franchise permit fee costs from the total allowable other protected costs;
- 2) Divide the amount in #1 above by the total inpatient days reported on the same cost report for the facility to determine the other protected costs per diem;
- 3) Multiply the other protected costs per diem by an inflation factor which is 1.0140;
- 4) Add Medicaid's portion of the franchise permit fee per diem rate to determine the other protected costs per diem rate.

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Franchise Permit Fee

The State assesses all providers of Intermediate care facility services for individuals with intellectual disabilities a franchise permit fee based on the provider's certified bed count. The franchise permit fee is calculated using projected net patient revenue and bed counts for the provider class, in accordance with the Indirect Guarantee Percentage as defined in federal regulations (section 1903(w)(4)(C)(ii) of the Social Security Act, 120 Stat. 2994 (2006), 42 U.S.C. 1396b(w)(4)(C)(ii), as amended). The amount of the franchise fee is \$18.17 per bed per day.

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New Facility in Peer Group 1 or 2

The initial rate for a facility with a first date of licensure or Medicaid certification after June 30, 2006, including a facility that replaces one or more existing facilities shall be calculated as follows:

- 1) The direct care rate component shall be calculated as follows:
 - a. If there is no cost or resident assessment data available, the rate shall be the median cost per case-mix unit calculated for standard rates (as calculated in the direct care section of this Attachment) multiplied by the median annual average case-mix score for the peer group for that period and by the rate of inflation estimated for standard rates.
 - b. If the facility is a replacement facility and the facility or facilities being replaced are in operation immediately before the replacement facility opens, the rate shall be the same as the rate for the replaced facility or facilities, proportionate to the number of beds in each replaced facility.
- 2) The rate for indirect care costs shall be the maximum rate for the facility's peer group as calculated for the standard rates.
- 3) The rate for capital costs shall be the median of all standard capital rates (as calculated in the capital section of this Attachment).
- 4) The rate for other protected costs shall be one hundred fifteen percent of the median rate for intermediate care facilities for individuals with intellectual disabilities calculated for the standard rates (as calculated in the other protected section of this Attachment) and shall include the franchise permit fee rate if the beds were subject to the franchise permit fee during the fiscal year.
- 5) The rates calculated above will be adjusted effective the first date of July, to reflect new rate calculations for standard rates

New Facility in Peer Group 3

The initial rate for a facility in Peer Group 3 shall be determined in the following manner:

- 1) The rate for Direct Care shall be \$264.89.
- 2) The rate for Indirect Care shall be \$59.85.
- 3) The rate for Capital shall be \$29.61.
- 4) The rate for Other Protected shall be \$25.99.

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Rate Adjustments

- 1) If the mean total per diem rate for all ICFs-IID in Peer Groups 1 and 2 and active on July 1, 2014, weighted by May 2014 Medicaid days is other than \$282.77, for fiscal year 2015, the total per diem rate for each ICF-IID is adjusted by a percentage that is equal to the percentage by which the mean total per diem rate is greater or less than \$282.77. The mean total per diem rate for state fiscal year 2015 resulted in a (0%) adjustment.
- 2) An intermediate care facility for individuals with intellectual disabilities may request a reconsideration of a rate on the basis of an extreme hardship on the facility as follows:
 1. Upon direct admission of a resident from a state-operated developmental center to the intermediate care facility.

If a rate adjustment is granted, the adjustment shall be implemented the first day of the first month the former resident of the developmental center resides in the intermediate care facility. The rate adjustment shall be time-limited to no longer than twelve consecutive months, but the adjustment shall be rescinded should the admitted resident permanently leave the intermediate care facility for any reason.

The maximum amount available for each admitted former resident of a state-operated developmental center shall be no more than fifty dollars per day prorated for the number of filled beds in the facility.

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