

## **Table of Contents**

**State/Territory Name: OH**

**State Plan Amendment (SPA) #: 15-013**

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

**AUG 09 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) 15-013

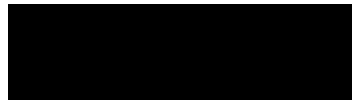
Dear Mr. McCarthy:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 15-013. Effective July 1, 2015, this SPA sets payment rates for Intermediate Care Facility (ICF) services for state fiscal years (SFY) 2016 and 2017.

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 15-013 is approved effective July 1, 2015. We are enclosing the HCFA-179 and the amended plan pages.

If you have any questions, please contact Fred Sebree at (217) 492-4122 or [Fredrick.sebree@cms.hhs.gov](mailto:Fredrick.sebree@cms.hhs.gov).

Sincerely,



Kristin Fan  
Director

Enclosure

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>	1. TRANSMITTAL NUMBER: <b>15-013 (Revised)</b>	2. STATE <b>OHIO</b>
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
FOR: CENTERS FOR MEDICARE AND MEDICAID SERVICES TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE & MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE July 1, 2015
5. TYPE OF PLAN MATERIAL (Check One):		
<input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> <b>AMENDMENT</b> COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)		
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 2015    \$838 thousands b. FFY 2016    \$2,497 thousands	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  Attachment 4.19-D, Supplement 2 Page 5 Pages 6, 8, 10, 11, 13, 14, 18	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):  Attachment 4.19-D, Supplement 2 Page 5 (TN 13-020) Pages 6, 8, 10, 11, 13, 14, 18 (TN 14-019)	
10. SUBJECT OF AMENDMENT: Payment for services: State Fiscal Years (SFY) 2016 and 2017 Rate Setting for Intermediate Care Facility for Individuals with Intellectual Disabilities (ICF/IID) Services		
11. GOVERNOR'S REVIEW (Check One):		
<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: <b>John B. McCarthy</b>	17. DATE RECEIVED:	
14. TITLE: <b>STATE MEDICAID DIRECTOR</b>	18. DATE APPROVED: <b>AUG 09 2016</b>	
15. DATE SUBMITTED: <b>September 28, 2015</b>	<b>FOR REGIONAL OFFICE USE ONLY</b>	
<b>PLAN APPROVED - ONE COPY ATTACHED</b>		
19. EFFECTIVE DATE OF APPROVED MATERIAL: <b>JUL 01 2015</b>	20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME: <b>Jaret Freese</b>	22. TITLE:	
23. REMARKS:		

Instructions on Back

## **Direct Care**

### ***Calculation of the provider case mix score***

The case mix score is calculated by averaging the weights assigned to each resident based on the Resident Assessment Classification for the facility. The Resident Assessment Classification groups are as follows:

- 1 – Chronic Medical
- 2 – Overriding Behaviors
- 3 – Chronic Behaviors and High Adaptive Needs
- 4 – Non-significant Behaviors and High Adaptive Needs
- 5 – Chronic Behaviors and Typical Adaptive Needs Current Resident
- 5N - Chronic Behaviors and Typical Adaptive Needs New Resident in Peer Group 1
- 6 - Non-significant Behaviors and Typical Adaptive Needs Current Resident
- 6N - Non-significant Behaviors and Typical Adaptive Needs New Resident in Peer Group 1

### **Rate for RAC Groups 5N and 6N**

The rate paid for an individual in RAC groups 5N and 6N shall be as follows:

- If the individual is in RAC group 5N the rate shall be \$206.90.
- If the individual is in RAC group 6N the rate shall be \$174.88.

### **Allowable costs for direct care**

Costs included in direct care are reasonable costs incurred for wages, taxes, benefits, staff development and contracting/consulting expenses for the following:

- 1) Registered nurses, licensed practical nurses and nurse aides
- 2) Administrative nursing staff and medical directors
- 3) Psychologist and psychology assistants
- 4) Respiratory therapist, physical therapist, physical therapy assistant, occupational therapist, occupational therapy assistant, speech therapist, audiologist and other persons holding degrees qualifying them to provide therapy
- 5) Qualified Intellectual Disabilities Professionals
- 6) Habilitation staff and supervisor
- 7) Program director, program specialist, activity director and activity staff
- 8) Social work/counseling, social services and pastoral care
- 9) Active treatment off-site day programming
- 10) Quality assurance and other home office costs related to direct care
- 11) Other direct care costs

TN: 15-013  
Supersedes:  
TN :13-020

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**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 except for those in Resident Assessment Classification groups 5N and 6N 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 \$110.78.
  - b. The maximum cost per case mix unit for Peer Group 2 is \$115.99.
- 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 except for those in Resident Assessment Classification groups 5N and 6N 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 except for those in Resident Assessment Classification groups 5N and 6N 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, 2015):
  - 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, 2015).

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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, 2015).

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 except for those in Resident Assessment Classification groups 5N and 6N 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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Supersedes:  
TN :14-019

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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 \$18.07 per bed per day.

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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, 2015, weighted by May 2015 Medicaid days is other than \$283.32, for fiscal year 2016, 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 \$283.32. The mean total per diem rate for state fiscal year 2016 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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