Table of Contents

State/Territory Name: Ohio

State Plan Amendment (SPA) #: 20-0019

This file contains the following documents in the order listed:

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

November 23, 2020

Maureen Corcoran, Director
Ohio Department of Medicaid
50 West Town Street, Suite 400
Columbus, Ohio 43215

RE: Ohio State Plan Amendment (SPA) 20-0019

Dear Ms. Corcoran:

We have reviewed the proposed amendment to Attachments 4.19-D of your Medicaid State plan submitted under transmittal number 20-0019 titled "Payment for Services: ICF-IID Payment Changes."

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 implementing Federal regulations at 42 CFR 447 Subpart C. We have found that the proposed reimbursement methodology complies with applicable requirements and therefore have approved them with an effective date of July 1, 2020. We are enclosing the CMS-179 and the amended approved plan pages.

If you have any questions, please contact Fredrick Sebree at Fredrick.sebree@cms.hhs.gov.

Sincerely,

[redacted]

For

Rory Howe
Acting Director

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE AND MEDICAID SERVICES	1. TRANSMITTAL NUMBER: **20-019**	2. STATE **OHIO**
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE & MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE **July 01, 2020**	

5. TYPE OF PLAN MATERIAL *(Check One)*:

☐ NEW STATE PLAN ☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN ☒ **AMENDMENT**

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT *(Separate Transmittal for each amendment)*

6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 440.150; 447 Subpart C; 483 Subpart I	7. FEDERAL BUDGET IMPACT: a. FFY 2020 $ 342 thousands b. FFY 2021 $1,258 thousands
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*:
Attachment 4.19-D Supplement 2 Page 6a Attachment 4.19-D Supplement 2 Page 8 Attachment 4.19-D Supplement 2 Page 8b Attachment 4.19-D Supplement 2 Page 10a-b Attachment 4.19-D Supplement 2 Page 10d Attachment 4.19-D Supplement 2 Page 13a Attachment 4.19-D Supplement 2 Page 14 Attachment 4.19-D Supplement 2 Page 19 Attachment 4.19-D Supplement 3 page 4	Attachment 4.19-D Supplement 2 Page 6a (TN 19-020) Attachment 4.19-D Supplement 2 Page 8 (TN 19-020) Attachment 4.19-D Supplement 2 Page 8b (TN 19-020) Attachment 4.19-D Supplement 2 Page 10a-b (TN 19-020) Attachment 4.19-D Supplement 2 Page 10d (TN 19-020) Attachment 4.19-D Supplement 2 Page 13a (TN 19-020) Attachment 4.19-D Supplement 2 Page 14 (TN 19-020) Attachment 4.19-D Supplement 2 Page 19 (TN 18-019) Attachment 4.19-D Supplement 3 page 4 (TN 19-020)

10. SUBJECT OF AMENDMENT: Payment for Services: ICF-IID Payment Changes

11. GOVERNOR'S REVIEW *(Check One)*:

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL
☒ OTHER, AS SPECIFIED:
The State Medicaid Director is the Governor's designee

[redacted]GENCY OFFICIAL:	16. RETURN TO: **Carolyn Humphrey** **Ohio Department of Medicaid** **P.O. BOX 182709** **Columbus, Ohio 43218**
13. TYPED NAME: **MAUREEN M. CORCORAN**	
14. TITLE: **STATE MEDICAID DIRECTOR**	
15. DATE SUBMITTED: September 14, 2020	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: 9/14/2020	18. DATE APPROVED: 11/23/20
PLAN APPROVED – ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: 7/1/2020	20[redacted]L: For
21. TYPED NAME: Rory Howe	22. TITLE: Acting Director

23. REMARKS:

Instructions on Back

FORM CMS-179 (07-92)

New Methodology

Calculation of Direct Care Per Diem for Peer Groups 1-A, 2-A, 3-A, 4-A, and 5-A

A direct care per diem rate is established for each ICF-IID 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 a peer group for a fiscal year, other than Peer Group 5-A is the following percentage above the peer group's median cost per case-mix unit for that fiscal year.
        i. For Peer Group 1-A use 16%.
        ii. For Peer Group 2-A use 14%.
        iii. For Peer Group 3-A use 18%.
        iv. For Peer Group 4-A use 22%.
    b. The maximum cost per case mix unit for Peer Group 5-A is equal to the cost per case mix unit of the provider at the 95th percentile of all providers in Peer Group 5-A for the calendar year preceding the fiscal year in which the rate will be paid.
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.
    a. For Peer Group 1-A, 2-A, 3-A, 4-A, and 5-A the inflation factor is 1.0381.

Retiring Methodology

Calculation of Indirect Care Per Diem for Peer Groups 1-B, 2-B, and 3-B

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.
   a. For Peer Groups 1-B,2-B and 3-B 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-B and Peer Group 2-B shall be calculated as follows:
   (i) Have the amount so determined result in payment of all desk-reviewed, actual, allowable indirect care costs for the same percentage of Medicaid days for ICF's-IID in Peer Group 1-B as for ICF's-IID in Peer Group 2-B as of July 1, 2020, based on May 2020 Medicaid days.
   (ii) Avoid rate adjustments under paragraph 1) of page 19 of Attachment 4.19-D, Supplement 2.
   b. The maximum inflated indirect care cost per diem for Peer Group 3-B shall be the rate that is no less than 10.3% above the median desk-reviewed, actual, allowable, per diem inflated indirect care cost for all providers in Peer Group 3-B (excluding providers whose inflated indirect care costs are more than three standard deviations from the mean desk-reviewed, actual, allowable, per diem inflated indirect care cost for all providers in Peer Group 3-B) for the calendar year immediately preceding the fiscal year in which the rate will be paid.
4) Determine the maximum efficiency incentive for each peer group:
   a. The maximum efficiency incentive for Peer Group 1-B is $3.69.
   b. The maximum efficiency incentive for Peer Group 2-B is $3.19.
   c. The maximum efficiency incentive for Peer Group 3-B is 7% of the maximum inflated indirect care cost per diem.
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 the sum of:
      i. The inflated indirect care cost per diem
      ii. The efficiency incentive per diem
         1) If the difference between the allowable indirect care per diem and the peer group ceiling is equal to or less than zero the efficiency incentive per diem equals zero.
         2) If the difference between the allowable indirect care per diem and the peer group ceiling is greater than zero the efficiency incentive per diem equals the lower of the calculated difference or the maximum efficiency incentive ceiling as outlined in Item 4 above.

New Methodology

Calculation of Indirect Care Per Diem for Peer Groups 1-A, 2-A, 3-A, 4-A, and 5-A

An indirect care per diem rate is established for each ICF-IID 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 of 1.0099 to determine the inflated indirect care costs per diem.
3) The maximum rate for an ICF-IID's peer group shall be the following percentage above the peer group's median per diem indirect care costs for the applicable cost report year:
    a. For Peer Group 1-A that percentage is 8%;
    b. For Peer Group 2-A and Peer Group 3-A that percentage is 10%;
    c. For Peer Group 4-A and Peer Group 5-A that percentage is 12%.
4) Determine the maximum efficiency incentive for each peer group:
    a. The maximum efficiency incentive for Peer Group 1-A is 5% of the maximum per diem calculated for the peer group in Item 3 above.
    b. The maximum efficiency incentive for Peer Groups 2-A, 3-A, 4-A, and 5-A is 6% of the maximum per diem calculated for the peer group in Item 3 above.
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 the sum of the following:
        i. The inflated indirect care cost per diem;
        ii. The efficiency incentive calculated as the difference between the amount of the per diem indirect care costs for the applicable cost report year and the maximum rate established for the ICF/IID peer group under Section 4 above.

New Methodology

Calculation of Capital Per Diem for Peer Groups 1-A, 2-A, 3-A, 4-A, and 5-A

A capital per diem rate is established for each ICF-IID based on the determined fair rental value of the facility, allowable secondary buildings, and equipment costs. The result is compared to the facility's actual allowable reported capital costs and limited if the result is greater than costs. Any non-extensive renovations approved under the Retiring Methodology and not covered in this calculation are grandfathered in. The details are as follows:

Facility Fair Rental Value Calculation

1. Square footage cap
    a. From the cost report, determine the total square footage of the facility and the number of beds.
    b. Divide the total square footage by the number of beds to get the number of square feet per bed.
    c. The minimum limit for square feet per bed is 200.
    d. The maximum limit for square feet per bed is set by peer group as follows:
        i. Peer Group 1-A provider has downsized or partially converted five beds or 10% of the previous capacity, whichever is less: 1000
        ii. Peer Group 1-A provider has not downsized or partially converted the minimum required in (d.i.) above: 550
        iii. Peer Group 2-A provider has downsized or partially converted five beds or 10% of the previous capacity, whichever is less: 1000
        iv. Peer Group 2-A provider has not downsized or partially converted the minimum required in (d.iii.) above: 750
        v. Peer Group 3-A: 850
        vi. Peer Group 4-A: 900
        vii. Peer Group 5-A: 900
    e. For purposes of the fair rental value calculation the facility's allowable square footage shall be adjusted to reflect the minimum or maximum limits described above if the facility's calculated square feet per bed falls outside those limits.
2. Value per square foot
    a. The value per square foot is based on the provider's peer group and county.
    b. Use the following values by peer group (updated annually):
        i. Peer Groups 1-A and 2-A: RS Means Construction Cost Estimating Data for Assisted Living, use $187.43;

New Methodology, continued

ii. Peer Groups 3-A, 4-A, and 5-A: RS Means Construction Cost Estimating Data for Nursing Home, use $215.71.

c. The amount in (2b) is adjusted by a modifier published for each major metropolitan area by RS Means. The modifier applies to the county or counties that contain the metropolitan area. An appropriate proxy is assigned pursuant to Ohio Revised Code Section 5124.17 (effective July 1, 2018) for those counties that do not contain a metropolitan area as published.

3. Effective Age calculation

a. The initial construction year is assumed as the effective age unless renovations and/or additions have been reported.

i. Age is based on the cost report year. For example, a facility built in the cost report year would have the age of zero.

ii. Maximum age of a facility is 40 years.

iii. Minimum age of a facility is zero.

b. Each reported renovation or addition re-ages the facility. The re-aging is calculated as follows:

c. Additions:

i. For each square footage addition (positive value) the provider reports calculate the new bed equivalent.

1. Multiple the square footage of the addition by the value per square foot from Item 2 above.

2. Divide that amount by $70,000 to get the new bed equivalent.

3. Multiply the new bed equivalent by the project age to get the weighted new bed equivalent.

ii. For each bed addition (positive value, ignore reductions) the provider reports calculate the weighted new bed equivalent by multiplying the number of beds added by the age of the addition.

iii. Total the weighted new bed equivalent of all bed and square footage additions for each provider

d. Renovations:

i. Disregard any renovations reported which are 40 or more years old

ii. For each allowable renovation reported take the project cost and divide by $70,000 to get the new bed equivalent.

iii. Multiple the new bed equivalent by the age of the renovation to get the weighted age of the renovation.

New Methodology, continued

1. The current asset value is equal to the cost per square foot type (set at $112.11 for FY21 for home office/record storage and updated annually) times by the allowable square footage.
2. Calculate the depreciation by multiplying the current asset value by the product of the building age (maximum of 40) times the depreciation rate (set at 1.6%).
3. Subtract from the current asset value to get the depreciated asset value.
4. Calculate the land value as 10% of the current asset value and add to the depreciated asset value to get the total base value
5. Calculate the secondary building fair rental value by multiplying the total base value by the rental rate (equal to 11%).
6. Calculate imputed occupancy for capital as 92% of the total bed days available reported. If the cost report covers less than a full year annualize both the total bed days available and the inpatient days.
7. Divide the secondary building fair rental value by the greater of annualized inpatient days or annualized imputed occupancy to get the secondary building fair rental value per diem.

Equipment Per Diem Calculation

1. Sum the equipment costs reported for the provider on the cost report.
2. Calculate imputed occupancy for equipment costs as 92% of the total bed days available reported.
3. Divide the equipment costs by the greater of inpatient days or imputed occupancy to get the equipment per diem.
4. Compare the equipment costs per diem to the ceiling for the provider's peer group as follows:
    a. Peer Group 1-A: $5.00
    b. Peer Group 2-A: $6.50
    c. Peer Group 3-A: $8.00
    d. Peer Groups 4-A and 5-A: $9.00
5. The allowable equipment cost per diem is equal to the lesser of the provider's equipment cost per diem and the ceiling for the provider's peer group.

Full Capital Rate Per Diem Calculation

1. Calculate the total fair rental value rate as the sum of the facility fair rental value rate, the secondary building fair rental value rate, and the equipment rate.
2. Calculate the capital cost per diem.
    a. Sum the total allowable capital costs as reported on the cost report.

New Methodology

Calculation of Other Protected Per Diem for Peer Groups 1-A, 2-A, 3-A, 4-A, and 5-A

Another protected per diem rate is established for each ICF-IID 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 Item 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) For Peer Groups 1-A, 2-A, 3-A, 4-A, and 5-A multiply the other protected costs per diem by an inflation factor which is .9795;
4) Add Medicaid's portion of the franchise permit fee per diem rate to determine the other protected costs per diem rate.

Applies to New and Retiring Methodologies

Franchise Permit Fee

The State assesses all providers of ICF-IID services a franchise permit fee based on the provider's monthly reported inpatient days. If inpatient days are not reported timely, days for that month are calculated based on the ICF-IID'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 section 1903(w)(4)(C)(ii) of the Social Security Act, 120 Stat. 2994 (2006) and 42 U.S.C. 1396b(w)(4)(C)(ii), as amended. The amount of the franchise fee is $24.89 per bed per day.

Retiring Methodology

Rate Adjustments

1) If the mean total per diem rate for all ICFs-IID in Peer Groups 1-B and 2-B and active on July 1, 2020, weighted by May 2020 Medicaid days is other than $290.10, for fiscal year 2021, 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 $290.10.
2) An ICF-IID 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 ICF-IID.

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 ICF-IID. 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 ICF-IID for any reason.

The maximum amount available for each admitted former resident of a state-operated developmental center shall be no more than $50 per day prorated for the number of filled beds in the facility.

Direct Care Costs

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) Franchise Permit Fee (FPF)
12) Other direct care costs

Franchise Permit Fee

The State assesses all providers of (ICF-IID) services a franchise permit fee based on the provider's monthly reported inpatient days. If inpatient days are not reported timely, days for that month are calculated based on the ICF-IID'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 $24.89 per bed per day.