

(5)(A)1 ICF/MR CPE Reimbursement Protocol

I. ICF/MR CPE Reimbursement Summary

The Department of Mental Health (DMH), Division of Mental Retardation and Developmental Disabilities (MRDD) operates ICF/MR habilitation centers which are certified to participate in the MO HealthNet program to provide inpatient ICF/MR services and community based waiver services. These two services are combined in the protocol because the funding budget is provided through the ICF/MR habilitation centers. The first service is for MO HealthNet participants who reside in the ICF/MR, discussed below in A. The second service is for Medicaid Waiver homes in the community which some of the habilitation centers operate, discussed below in B.

Consumers served by the ICF/MR habilitation centers are diagnosed with developmental disabilities ranging from mild to severe, with the majority being in the severe/profound range. To be eligible for habilitation center Waiver or ICF/MR services, an individual must meet MRDD's definition of having a developmental disability as set forth in 630.005 RSMo, and meet MRDD's criteria of requiring placement in an ICF/MR habilitation center.

A. ICF/MR Inpatient Services

The services provided to clients that reside in an ICF/MR habilitation center are known as inpatient services. State-Operated ICF/MRs are reimbursed on a per diem basis for MO HealthNet eligible participants residing in the ICF/MR. The non-federal share of the funding for State-Operated ICF/MR services are from directly appropriated state funds that are included in DMH's budget appropriations. This is much like other MO HealthNet programs where the non-federal share of the funding is from the state general revenue fund that is included in the Department of Social Services (DSS) budget appropriations. The federal share of the payments for the ICF/MR services are made through the DSS, MO HealthNet Division (MHD), consistent with the other MO HealthNet programs, even though the state appropriation for the ICF/MR is made through DMH.

The State-Operated ICF/MR facilities are reimbursed on a retrospective cost based reimbursement system with year end settlements. The facilities are paid an interim rate during the fiscal year and after filing a Medicaid cost report for the fiscal year, a retroactive settlement based on allowable cost is determined. If allowable costs exceed the interim payments a settlement of the underpayment amount is paid to the facility. If costs are less than the interim payments, a settlement of the overpayment amount is recouped from the facility. The reimbursement, including the determination of allowable Medicaid cost, is set forth in and made in accordance with the Missouri Medicaid State Plan (State Plan) which has been approved.

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The reconciliation of CPE and the reimbursement system for State ICF/MR facilities use the same premise of reimbursement being cost based and limited to Medicaid allowable costs. The reimbursement system will not pay a facility more than the Medicaid allowable cost of providing services to the Medicaid recipients it serves.

To comply with CPE procedures, the DMH is responsible for certifying costs eligible for payment, which shall not exceed the maximum allowable under federal rules. Funds for the ICF/MR habilitation centers are included in the final appropriation bill passed by the Missouri General Assembly and signed by the Governor. The state will ensure that the facilities certify these expenditures in accordance with 42 CFR 433.51.

To comply with CPE procedures, the state is responsible for ensuring Medicaid reimbursements do not exceed the ICF/MR's cost of providing Medicaid services. The documentation of costs will be the Medicaid cost reports completed by the DMH on the MHD approved forms and SAMII data. The process for identifying eligible incurred Medicaid costs and ensuring Medicaid payments do not exceed such costs is set forth below.

B. MRDD Medicaid Waiver Services (MRDD Waiver)

Some of the ICF/MR habilitation centers operate MRDD Waiver services that are provided in the community. These services are known as State-Operated Independent Supported Living (ISL) arrangements and include residential services, group homes, day habilitation, transportation, etc. They may also serve as transition placement to private Medicaid Waiver providers throughout the State. These State-Operated Waiver settings are staffed by State of Missouri employees and supported by the business office and habilitation staff at the ICF/MR. They are located in nearby communities in residential neighborhoods.

The MRDD Waiver program is reimbursed on a per diem basis for the residential and group home settings, which comprise the majority of the services, and there is a unit rate for the day habilitation and transportation services. The reimbursement rates are established by DMH based on costs, as set forth in State Plan which has been approved.

To comply with CPE procedures, DMH is responsible for certifying costs eligible for payment, which shall not exceed the maximum allowable under federal rules. Funds for the ICF/MR habilitation centers are included in the final appropriation bill passed by the Missouri General Assembly and signed by the Governor. The state will ensure that the facilities certify these expenditures in accordance with 42 CFR 433.51.

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To comply with CPE procedures, the state is responsible for ensuring Medicaid reimbursements do not exceed the ICF/MR's cost of providing Medicaid services. Costs associated with the MRDD Waiver program are documented on the ICF/MR cost reports completed by DMH on MHD approved forms and SAMII data. The MRDD Waiver program costs are segregated from allowable ICF/MR costs that are used to determine the inpatient reimbursement. DMH also prepares supplemental schedules, documenting the data specifically related to the MRDD Waiver program. The process for identifying eligible incurred Medicaid costs and ensuring Medicaid payments do not exceed such costs is set forth below.

II. Summary of Missouri Title XIX Cost Report

The MO HealthNet Division (MHD) determines ICF/MR costs from Missouri's Financial and Statistical Report for Nursing Facilities (Title XIX Cost Report), version MSIR-1 (7-93), which all Missouri Medicaid ICF/MRs must submit each year. MHD developed its own Title XIX cost report to collect information from the ICF/MR providers necessary to administer the Missouri Medicaid ICF/MR program and to ensure consistent reporting among ICF/MRs.

The supplemental pages submitted for the MRDD Waiver program are the same forms and are completed in the same manner as the Title XIX Cost Report, except that only page 1 and Schedule B are completed for the MRDD Waiver program.

Missouri's Title XIX cost report includes several schedules that aid in the analysis and determination of reimbursement of the ICF/MR program. The following explains the ICF/MR data included in the schedules from the Title XIX cost report that MHD will use to perform its reconciliations detailed below in Sections III and IV.

A. Page 1

Details the facility name and provider number, address, facility fiscal year, period of cost report, type of control, accounting basis, number of licensed and Medicaid certified beds, bed days and patient days for reporting period, room reservation days, total and Medicaid occupancy and certification statement attesting to the truth and accuracy of the cost report.

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B. Schedule A

Schedule A summarizes the ICF/MR's sources of revenues by line item, which are grouped and subtotaled by major category. The primary groupings of revenues are:

1. Routine Services;
2. Ancillary Services;
3. Other Revenue; and,
4. Deductions from Revenues.

Schedule A details the revenues associated with the facility's total operations as well as the adjustments and offsets to reflect the revenues only associated with the ICF/MR services, as follows:

1. General Ledger (column 1) - Provides the revenues for the total facility's operations (i.e., if the ICF/MR is part of a larger complex that includes a forensic center, waiver program services, etc. the General Ledger column will include the revenues for all these services).
2. Adjustments (column 2) - Details the adjustments and offsets to revenues for non-covered and/or non-allowable items.
3. Patient Adjusted Revenue (column 3) - Reflects the revenues associated only with ICF/MR services (i.e., if the ICF/MR is part of a larger complex that includes a forensic center, waiver program services, etc. the Patient Adjusted Revenue column will exclude the forensic center, waiver program services, etc. and only reflect the revenues for ICF/MR services).

C. Schedule B

Schedule B summarizes the ICF/MR's expenditures by line item, which are grouped and subtotaled by major category. The primary groupings of expenses are:

1. Patient Care;
2. Ancillary Services;
3. Dietary;
4. Laundry;
5. Housekeeping;
6. Plant Operations;
7. General and Administrative; and,
8. Other.

Schedule B details the expenses associated with the facility's total operations as well as adjustments and offsets to remove various items so that the expenses reflect only the expenses associated with the ICF/MR services, as follows:

1. General Ledger (column 1) – Details the expenses for the total facility's operations (i.e., if the ICF/MR is part of a larger complex that includes a forensic center, waiver program services, etc., the General Ledger column will include the expenses for all these services).
2. Non-Certified, Non-Related Expenses (column 2) – Details the adjustments to remove expenses not associated with ICF/MR services (i.e., if the ICF/MR is part of a larger complex that includes a forensic center, waiver program services, etc., this column details the adjustment to remove the expenses associated with the forensic center, waiver program services, etc.).
3. Unallowable / Revenue Offsets (column 3) – Details the revenue offsets and adjustments to remove items that are non-allowable or non-covered for Medicaid reimbursement. Any costs pertaining to professional services that are separately reimbursable outside of ICF/MR state plan services are also removed as column 3 adjustments.
4. Patient Related Expenses (column 4) - Reflects the Medicaid allowable expenses associated only with ICF/MR operations. (i.e., if the ICF/MR is part of a larger complex that includes a forensic center, waiver program services, etc., the Patient Related Expenses column will exclude the forensic center, waiver program services, etc. and only reflect the Medicaid allowable expenses for ICF/MR services).

MHD staff audits the cost reports to ensure they are completed in accordance with the ICF/MR regulation. MHD staff follows established audit procedures and verifies that the proper adjustments and offsets have been completed and that costs are reported on the proper lines. The audit staff makes adjustments, offsets and reclassifications to the facility's as filed cost report as necessary to ensure the finalized, audited cost report reflects the Medicaid costs allowable for ICF/MR reimbursement.

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III. Certified Public Expenditures – Determination of Allowable Costs for ICF/MR Inpatient Payments and MRDD Waiver Payments

To determine a governmentally-operated ICF/MR's allowable costs and the associated reimbursements when such costs are funded by a State through the certified public expenditure (CPE) process, the following steps must be taken to ensure Federal financial participation:

A. ICF/MR Inpatient Payments and MRDD Waiver Payments

The purpose of the inpatient payments and the MRDD Waiver payments is to provide interim payments that will approximate the costs eligible for Federal financial participation claimed through the CPE process. This computation of establishing interim payments funded by CPEs must be performed on an annual basis and in a manner consistent with the methodology set forth in the approved State Plan.

B. Interim Reconciliation of ICF/MR Inpatient Payments and MRDD Waiver Payments

Each governmentally-operated ICF/MR's interim certifiable expenditures will be reconciled based on the Missouri Title XIX cost report for the spending year in which interim payments were made. The State will adjust, as necessary, the aggregate amount of interim funds claimed based on the total certifiable expenditures determined under the interim reconciliation. If, at the end of the interim reconciliation process, it is determined that funding was over-claimed, the overpayment will be properly credited to the federal government.

The ICF/MR costs will be obtained from the Missouri Title XIX cost report, including the supplemental pages for the MRDD Waiver costs, which has been completed by DMH and submitted to MHD (i.e., as-filed cost report). The data shall be obtained from the facility's as-filed Missouri Title XIX cost report for the fiscal year being reconciled. For example, a facility's payments received for SFY 2009 will be reconciled to the costs from the ICF/MR's 2009 as-filed Title XIX cost report. The ICF/MRs currently requiring this reconciliation process have a FYE that coincides with the SFY. Should an ICF/MR not have a FYE that coincides with the SFY, the State will obtain the costs from the cost reports overlapping the SFY and apportion the costs as appropriate. For example, if an ICF/MR has a January – December FY cost report, MHD shall use 6 month's of costs from the two cost reports overlapping the SFY.

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1. Calculation of ICF/MR Medicaid Cost

i. ICF/MR Inpatient Medicaid Cost –

It is standard industry practice for ICF/MR cost reports to report the total ICF/MR costs rather than just the Medicaid cost. In determining the Medicaid cost for the ICF/MR, the total cost of serving all residents is determined because it is assumed the cost of serving a resident would not vary based on the type of resident (i.e., Medicaid, private pay, etc.). The Medicaid cost is determined by allocating the total cost based on the Medicaid utilization. The Medicaid cost is reconciled to the reimbursement to determine whether an overpayment has been made to the facility.

a. ICF/MR Inpatient Total Cost

The ICF/MR total costs are taken from Schedule B, line 160 Total Expenses, Patient Related Expenses column.

b. Medicaid Utilization

The Medicaid Utilization is found on the 1st page of the Title XIX Cost Report, section 8 Statistical Data, line 9. Title XIX share of patient days.

c. Medicaid Cost = Total Cost x Medicaid Utilization

ii. MRDD Waiver Medicaid Cost –

It is standard industry practice for ICF/MR cost reports to report the total ICF/MR costs rather than just the Medicaid cost. In determining the Medicaid cost for the ICF/MR, the total cost of serving all residents is determined because it is assumed the cost of serving a resident would not vary based on the type of resident (i.e., Medicaid, private pay, etc.). The Medicaid cost is determined by allocating the total cost based on the Medicaid utilization. The Medicaid cost is reconciled to the reimbursement to determine whether an overpayment has been made to the facility.

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a. MRDD Waiver Total Cost

The total costs are taken from the supplemental Schedule B completed for the MRDD Waiver program, line 160 Total Expenses, Patient Related Expenses column.

b. Medicaid Utilization

The Medicaid Utilization is found on the supplemental page 1 completed for the MRDD Waiver program, section 8 Statistical Data, line 9. Title XIX share of patient days.

c. Medicaid Cost = Total Cost x Medicaid Utilization

2. Medicaid Reimbursement

The Medicaid reimbursement for both the inpatient payments and the MRDD Waiver payments for each SFY will be determined from the State's Medicaid Management Information System (MMIS).

3. Determination of Federal Funding Over-Claimed

- i. ICF/MR Inpatient Claim – The Medicaid inpatient cost determined above in III.B.1.i. shall be compared to the Medicaid reimbursement determined above in III.B.2. to determine if there was an overpayment for ICF/MR inpatient services.
- ii. MRDD Waiver Claim – The MRDD Waiver cost determined above in III.B.1.ii. shall be compared to the Medicaid reimbursement determined above in III.B.2. to determine if there was an overpayment for MRDD Waiver services.
- iii. Total – The difference for the ICF/MR inpatient services shall be added to the difference for the MRDD Waiver services to determine if there was an overpayment requiring an adjustment to the federal government. If the cost is greater than the reimbursement, there would not be an overpayment, or funding over-claimed, so an interim adjustment would not be necessary. If the reimbursement is greater than the cost, funding would be over-claimed and an interim adjustment would be necessary. The federal share of the overpayment would be credited to the federal government.

4. Sample Interim Reconciliation Schedule

A sample reconciliation schedule is included as Attachment A. This sample reconciliation schedule is for Medicaid payments for SFY 2009 and is reconciled with the cost information from the facility's 2009 as-filed Title XIX cost report. As can be seen in the sample reconciliation, the Medicaid Cost exceeds the Total Medicaid Reimbursement. Therefore, no interim credit to the federal government would be necessary at this time. (Please note: This is merely a sample reconciliation schedule.)

C. Final Reconciliation of ICF/MR Inpatient Payments and MRDD Waiver Payments

Each governmentally-operated ICF/MR's interim certifiable expenditures (and any interim adjustments) will also subsequently be reconciled based on the Missouri Title XIX cost report as finalized by MHD audit staff for purposes of Medicaid reimbursement for the respective cost reporting period. The State will adjust, as necessary, the aggregate amount of interim funds claimed based on the total certifiable expenditures determined under the final reconciliation. If, at the end of the final reconciliation process, it is determined that funding was over-claimed, the overpayment will be properly credited to the federal government. If, at the end of the final reconciliation process, it is determined that a retroactive settlement is due to the ICF/MR for the inpatient payments in accordance with the approved State Plan, the underpayment will be made to the ICF/MR and the additional federal claim will be made.

The ICF/MR costs will be obtained from the Missouri Title XIX cost report, including the supplemental pages for the MRDD Waiver costs, which has been audited by the MHD staff. The MHD staff sends DMH a copy of its audit that summarizes the audited data with a letter requesting they review the audit and contact MHD staff regarding any issues. If DMH agrees with the audit, MHD will consider the audit final. If DMH doesn't agree with the audit, they may discuss the issue(s) with MHD staff to resolve them. MHD will make any changes deemed appropriate and send DMH a revised audit which MHD will consider to be final.

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The data shall be obtained from the facility's Title XIX cost report for the fiscal year being reconciled. For example, a facility's payments received for SFY 2009 will be reconciled to the costs from the ICF/MR's 2009 desk reviewed Title XIX cost report. The ICF/MRs currently requiring this reconciliation process have a FYE that coincides with the SFY. Should an ICF/MR not have a FYE that coincides with the SFY, the State will obtain the costs from the cost reports overlapping the SFY and apportion the costs as appropriate. For example, if an ICF/MR has a January – December FY cost report, MHD shall use 6 month's of costs from the two cost reports overlapping the SFY.

1. Calculation of ICF/MR Medicaid Cost

i. ICF/MR Inpatient Medicaid Cost –

It is standard industry practice for ICF/MR cost reports to report the total ICF/MR costs rather than just the Medicaid cost. In determining the Medicaid cost for the ICF/MR, the total cost of serving all residents is determined because it is assumed the cost of serving a resident would not vary based on the type of resident (i.e., Medicaid, private pay, etc.). The Medicaid cost is determined by allocating the total cost based on the Medicaid utilization. The Medicaid cost is reconciled to the reimbursement to determine whether an overpayment has been made to the facility.

a. ICF/MR Inpatient Total Cost

The ICF/MR total costs are taken from Schedule B, line 160 Total Expenses, Patient Related Expenses column.

b. Medicaid Utilization

The Medicaid Utilization is found on the 1st page of the Title XIX Cost Report, section 8 Statistical Data, line 9. Title XIX share of patient days.

c. Medicaid Cost = Total Cost x Medicaid Utilization

ii. MRDD Waiver Cost –

It is standard industry practice for ICF/MR cost reports to report the total ICF/MR costs rather than just the Medicaid cost. In determining the Medicaid cost for the ICF/MR, the total cost of serving all residents is determined because it is assumed the cost of serving a resident would not vary based on the type of resident (i.e., Medicaid, private pay, etc.). The Medicaid cost is determined by allocating the total cost based on the Medicaid utilization. The Medicaid cost is reconciled to the reimbursement to determine whether an overpayment has been made to the facility.

a. MRDD Waiver Total Cost

The ICF/MR total costs are taken from the supplemental Schedule B completed for the MRDD Waiver, line 160 Total Expenses, Patient Related Expenses column.

b. Medicaid Utilization

The Medicaid Utilization is found on the supplemental 1st page of the Title XIX Cost Report, section 8 Statistical Data, line 9. Title XIX share of patient days.

c. Medicaid Cost = Total Cost x Medicaid Utilization

2. Medicaid Reimbursement

The Medicaid reimbursement for both the inpatient payments and the MRDD Waiver payments for each SFY will be determined from the State's Medicaid Management Information System (MMIS).

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3. Determination of Federal Funding Over-Claimed

- i. ICF/MR Inpatient Claim – The Medicaid inpatient cost determined above in III.C.1.i. shall be compared to the Medicaid reimbursement determined above in III.C.2. to determine if there was an overpayment for ICF/MR inpatient services. As indicated previously, the state-operated ICF/MR inpatient reimbursement is a retrospective system. As set forth in the approved State Plan, a retroactive settlement is done at the end of the state fiscal year after the cost report has been audited for any underpayment or overpayment. If the cost is greater than the reimbursement, the facility has been underpaid; a payout will be made to the facility and the additional federal claim will be made. If the cost is less than the reimbursement, the facility has been overpaid; a recoupment from the facility will be done. The overpayment will be combined with the difference between the cost and reimbursement for the MRDD Waiver below in iii. to determine if there is any federal funding over-claimed. This retroactive settlement will be reflected in the final reconciliation and the difference between in the cost and reimbursement for the ICF/MR inpatient services will be zero.
- ii. MRDD Waiver Claim – The MRDD Waiver cost determined above in III.C.1.ii. shall be compared to the Medicaid reimbursement determined above in III.C.2. to determine if there was an overpayment for MRDD Waiver services.
- iii. Total – The difference for the ICF/MR inpatient services shall be added to the difference for the MRDD Waiver services to determine if there was an overpayment requiring an adjustment to the federal government. If the total cost is greater than the total reimbursement, there would not be an overpayment, or federal funding over-claimed, so a final adjustment would not be necessary. If the total reimbursement is greater than the total cost, the federal funding would be over-claimed and a final adjustment would be necessary. The federal share of the overpayment would be credited to the federal government.

4. Sample Final Reconciliation Schedule

A sample reconciliation schedule is included as Attachment B. This sample reconciliation schedule is for Medicaid payments for SFY 2009 and is reconciled with the cost information from the facility's 2009 as-filed Title XIX cost report. As can be seen in the sample reconciliation, the Medicaid Cost exceeds the Total Medicaid Reimbursement. Therefore, no final credit to the federal government would be necessary. (Please note: This is merely a sample reconciliation schedule.)

**Interim Reconciliation
of Certified Public Expenditures & Related Payments
SFY 2009**

Inpatient Reimbursement

- A. ICF/MR Cost
 - Total Expenses
 - Medicaid Utilization
 - Medicaid Cost

- B. Medicaid Reimbursement

Difference – Cost Exceeds Reimbursement

MRDD Waiver

- A. MRDD Waiver Cost
 - Total Expenses
 - Medicaid Utilization
 - Medicaid Cost

- B. Medicaid Reimbursement

Difference – Cost Exceeds Reimbursement

Total ICF/MR Services Difference – Cost Exceeds Reimbursement

**Interim Adjustment – Total Overpayment
FFP - SFY 2009
Amount Due to CMS**

**Final Reconciliation
of Certified Public Expenditures & Related Payments
SFY 2009**

Inpatient Reimbursement

- A. ICF/MR Cost
 - Total Expenses
 - Medicaid Utilization
 - Medicaid Cost

- B. Medicaid Reimbursement

Difference - Cost exceeds Reimbursement – Underpayment
Retroactive Settlement Paid
Difference – after Retroactive Settlement

MRDD Waiver

- A. MRDD Waiver Cost
 - Total Expenses
 - Medicaid Utilization
 - Medicaid Cost

- B. Medicaid Reimbursement

Difference – Cost Exceeds Reimbursement

Total ICF/MR Services Difference – Cost Exceeds Reimbursement

Interim Reconciliation – Paid to CMS

Final Reconciliation – Due to / from CMS
FFP - SFY 2009
Amount Due to / from CMS

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OS Notification

State/Title/Plan Number: Missouri 09-010

Type of Action: SPA Approval

Required Date for State Notification: 02/15/2010

Fiscal Impact: FFY 10 \$-0- FFY 11 \$-0-

Number of Services Provided by Enhanced Coverage, Benefits or Retained Enrollment: 0

Number of Potential Newly Eligible People: 0

or

Eligibility Simplification: No

Provider Payment Increase: No or Decrease: No

Delivery System Innovation: No

Number of People Losing Medicaid Eligibility: 0

Reduces Benefits: No

Detail:

Effective for services on or after October 1, 2009, this amendment incorporates Intermediate Care Facilities for persons with Mental Retardation (ICF/MR) certified public expenditure protocol into the Missouri Medicaid State plan. CPEs are used to fund Medicaid services at State-operated ICF/MR habilitation centers.

Other Considerations:

This plan amendment has not generated significant outside interest and we do not recommend the Secretary contact the governor.

This OSN has been reviewed in the context of the ARRA and approval of the OSN is not in violation of ARRA provisions.

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