Table of Contents

State/Territory Name: OH

State Plan Amendment (SPA) #: 24-0012

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

CENTERS FOR MEDICARE & MEDICAID SERVICES
CENTER FOR MEDICAID & CHIP SERVICES

Financial Management Group

December 5, 2024

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

RE: TN 24-0012

Dear Ms. Corcoran:

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed Ohio state plan amendment (SPA) to Attachment 4.19-D, OH 24-0012, which was submitted to CMS on September 27, 2024. This plan amendment updates the Intermediate Care Facility for Individuals with Intellectual Disabilities Payment.

We reviewed your SPA submission for compliance with statutory requirements, including in sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903 as it relates to the identification of an adequate source for the non-federal share of expenditures under the plan, as required by 1902(a)(2) of the Social Security Act and the applicable implementing Federal regulations.

Based upon the information provided by the state, we have approved the amendment with an effective date of July 1, 2024. We are enclosing the approved CMS-179 and a copy of the new state plan pages.

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

Sincerely,

[redacted]

Rory Howe
Director

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

FORM APPROVED
OMB No. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

1. TRANSMITTAL NUMBER: 24 — 0012

2. STATE: OH

3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT: (●) XIX ( ) XXI

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
July 1, 2024

5. FEDERAL STATUTE/REGULATION CITATION
42 CFR 440.150; 447 Subpart C; 483 Subpart I

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 2024 $ 11,413,250
b. FFY 2025 $ 45,866,000

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Attachment 4.19-D, Supp 2, Page 4, 7, 9, 11, 12, 14, 15, 18

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*
Attachment 4.19-D, Supp 2, Page 7, 11, 12, 14, 18, (TN 23-026)

Attachment 4.19-D, Supp 2, Page 4, 9, 15 (TN 22-030)

9. SUBJECT OF AMENDMENT

Payment for Services: Intermediate Care Facility for Individuals with Intellectual Disabilities (ICF-IID) Payment Updates

10. 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

11. SIGNATURE OF STATE AGENCY OFFICIAL
[redacted]

12. TYPED NAME
MAUREEN M. CORCORAN

13. TITLE
STATE MEDICAID DIRECTOR

14. DATE SUBMITTED
September 27, 2024

15. RETURN TO

Greg Niehoff
Ohio Department of Medicaid
P.O. BOX 182709
Columbus, Ohio 43218

FOR CMS USE ONLY

16. DATE RECEIVED
9/27/2024

17. DATE APPROVED
December 5, 2024

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
7/1/2024

19. SIGNATURE OF APPROVING OFFICIAL
[redacted]

20. TYPED NAME OF APPROVING OFFICIAL
Rory Howe

21. TITLE OF APPROVING OFFICIAL
Director, FMG

22. REMARKS

12/2/2024 - Updated TN to 24-0012 from 24-012

Instructions on Back

Peer Groups

Peer groups are used to establish the direct care, indirect care, and capital rate components for ICFs-IID rates. There are five peer groups:

1. Peer Group 1 includes each ICF-IID with a Medicaid-certified capacity exceeding 16.
2. Peer Group 2 includes each ICF-IID with a Medicaid-certified capacity exceeding eight but not exceeding 16.
3. Peer Group 3 includes each ICF-IID with a Medicaid-certified capacity of seven or eight.
4. Peer Group 4 includes each ICF-IID with a Medicaid-certified capacity not exceeding six, other than ICF-IID that is in Peer Group 5.
5. Peer Group 5 includes each ICF-IID to which all of the following apply:
    a. The ICF-IID is first certified as an ICF-IID after July 1, 2014; and
    b. The ICF-IID has a Medicaid-certified capacity not exceeding six; and
    c. The ICF-IID has a contract with the Department of Developmental Disabilities (DODD) that is for 15 years and includes a provision for DODD to approve all admissions to, and discharges from, the ICF-IID; and
    d. The ICF-IID's residents are admitted to the ICF-IID directly from a 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, 2, 3, 4, and 5

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 is the following percentage above the peer group's median cost per case-mix unit for that fiscal year.
        i. For Peer Group 1 use 16%.
        ii. For Peer Group 2 use 14%.
        iii. For Peer Group 3 use 18%.
        iv. For Peer Group 4 use 22%.
    b. The maximum cost per case mix unit for Peer Group 5 is equal to the cost per case mix unit of the provider at the 95th percentile of all providers in Peer Group 5 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. The direct care inflation factor is1.0627.

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

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 1.0413 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 that percentage is 8%;
    b. For Peer Group 2 and Peer Group 3 that percentage is 10%;
    c. For Peer Group 4 and Peer Group 5 that percentage is 12%.
4) Determine the maximum efficiency incentive for each peer group:
    a. The maximum efficiency incentive for Peer Group 1 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, 3, 4, and 5 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.

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

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 provider has not downsized or partially converted the minimum required in (d.i.) above: 550
        iii. Peer Group 2 provider has downsized or partially converted five beds or 10% of the previous capacity, whichever is less: 1000
        iv. Peer Group 2 provider has not downsized or partially converted the minimum required in (d.iii.) above: 750
        v. Peer Group 3: 850
        vi. Peer Group 4: 900
        vii. Peer Group 5: 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 and 2: RS Means Construction Cost Estimating Data for Assisted-Senior Living, use $244.29;

Facility Fair Rental Value Calculation, continued

ii. Peer Groups 3, 4, and 5: RS Means Construction Cost Estimating Data for Nursing Home, use $273.36.

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 September 30, 2021) 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. Multiply the new bed equivalent by the age of the renovation to get the weighted age of the renovation.

Secondary Building Fair Rental Value Calculation, continued

1. The current asset value is equal to the cost per square foot type (set at $112.11 for home office/record storage and updated annually) times 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: $5.00
    b. Peer Group 2: $6.50
    c. Peer Group 3: $8.00
    d. Peer Groups 4 and 5: $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.

Full Capital Rate Per Diem Calculation, continued

b. Divide by the greater of inpatient days or imputed occupancy to get the capital cost per diem

3. Compare the total fair rental value rate with the capital cost per diem
    a. Calculate the rate difference as the total fair rental value rate minus the capital cost per diem
    b. Determine the allowable dollar increase as follows:
        i. Peer Groups 1 and 2: $3.00
        ii. Peer Groups 3, 4, and 5: $5.00
    c. The provider is able to receive the amount of the allowable dollar increase plus 10% of any additional surplus if it exists beyond the allowable dollar increase.
        i. Calculate the surplus amount as the rate difference minus the allowable dollar increase.
        ii. Calculate the retained surplus as 10% of the surplus amount (only if it's a positive value).
    d. The total capped rate is equal to the total fair rental value rate plus the allowable dollar increase plus the retained surplus.

Non-Extensive Renovations

Non-extensive renovations are projects approved by the Department of Developmental Disabilities prior to July 1, 2018 for the betterment, improvement, or restoration of a facility beyond its functional capacity through a structural change that costs at least $500 per bed. Under the new methodology, non-extensive renovations are not reimbursed separately with other capital costs. However, providers whose projects were approved prior to the implementation of the new methodology are held harmless if the new methodology does not fully cover the non-extensive renovations.

Non-Extensive Renovations "Grandfathering" Calculation

1. Calculate the provider's total cost of ownership from the cost report.
2. Calculate the cost of ownership per diem by taking the total cost of ownership costs and dividing by the greater of inpatient days or imputed occupancy.
3. Calculate the rate above cost of ownership capped by subtracting the cost of ownership per diem from the total capped rate (cannot be less than $0).
4. Calculate the non-extensive renovations cost per diem by taking the amount of non-extensive renovations costs reported on the cost report and dividing by the greater of inpatient days or imputed occupancy.
5. If the rate above cost of ownership is greater than the non-extensive renovations cost per diem, the allowable non-extensive renovations cost per diem is equal to $0.

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

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, 2, 3, 4, and 5 multiply the other protected costs per diem by an inflation factor which is1.0534;
4) Add Medicaid's portion of the franchise permit fee per diem rate to determine the other protected costs per diem rate.