



**Department of  
Job and Family Services**

**John R. Kasich**, Governor

**Michael B. Colbert**, Director

**Report**

**Of**

**Long Term Care Facilities Trends**

**Intermediate Care Facilities**

**for the**

**Mentally Retarded/Developmentally Disabled**

**September 2011**

**Prepared by:**

**Office of Ohio Health Plans**

**Bureau of Health Services Research**

**Long Term Care Programs Analysis Section**

## **Executive Summary**

### **Calendar Year 2010**

#### **Intermediate Care Facilities for the Mentally Retarded/Developmentally Disabled (ICFs-MR)**

##### **Trends Analysis**

The Calendar Year (CY) 2010 Intermediate Care Facilities for the Mentally Retarded/Developmentally Disabled (ICF-MR) trends analysis contained 417 facilities. The analysis started with 419 facilities in the master Cost Report file and two were filtered out for not being cleared, so the analysis contained 417 facilities. Overall, the total costs for the ICFs-MR decreased from \$606.9 million in CY 2009 to \$606.2 million in CY 2010 (a decrease of 0.13%). Of the four major cost centers making up the total (Direct Care, Indirect Care, Protected, and Capital), the Direct Care cost center and the Indirect Care cost center decreased, the Protected cost center increased, and the Capital cost center remained roughly the same.

The Direct Care cost center shrank from \$386.1 million in CY 2009 to \$385.6 million in CY 2010 (-0.12%).

The Indirect Care cost center shrank from \$140.2 million in CY 2009 to \$138.0 million in CY 2010 (-1.60%).

The Protected cost center grew from \$46.0 million in CY 2009 to \$48.0 million in CY 2010 (4.20%).

The Capital cost center remained at \$34.6 million in CY 2009 and CY 2010 (0.00%).

On a per diem basis, the overall Total Per Diem increased from \$290.03 in CY 2009 to \$291.58 in CY 2010, an increase of 0.53%. The Direct Care Per Diem increased from \$184.48 in CY 2009 to \$185.48 in CY 2010, an increase of 0.54%. The Indirect Care Per Diem decreased from \$67.02 in CY 2009 to \$66.38 in CY 2010, a decrease 0.95%. The Protected Per Diem increased from \$21.98 in CY 2009 to \$23.06 in CY 2010, an increase of 4.91%. The Capital Per Diem increased from \$16.55 in CY 2009 to \$16.66 in CY 2010, an increase of 0.66%.

In looking at the cost centers as a percent of the overall total from CY 2001 to CY 2010, the Direct Care cost center grew from 58.86% of the total in CY 2001 to 63.53% of the total in CY 2010. The Indirect Care cost center shrank from 27.16% of the total to 22.74% of the total. The Protected cost center grew from 7.81% of the total to 7.90% of the total. The Capital cost center shrank from 6.17% of the total to 5.71% of the total.

# Overview of Intermediate Care Facilities for the Mentally Retarded Medicaid Reimbursement

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## *General*

Medicaid certified Intermediate Care Facilities for the Mentally Retarded facilities (ICFs-MR)

History of reimbursement:

Retrospective 1980 - 1991

Semi-prospective 1991 - 1993

Prospective 1993 - Present

Prospective reimbursement system (fiscal year rates based on costs from calendar year preceding the fiscal year)

Cost centers (Direct, Other Protected, Indirect, Capital)

Annual calendar year cost report (establishes state fiscal year rates)

Costs are reported and reimbursed prospectively, fee for service items are direct billed

## *Cost Report*

Calendar year cost report filed by providers within ninety days

Expenses

Days

Revenues

Balance Sheets (Assets & Liabilities)

Expenses reported for entire calendar year for the Medicaid-certified facility

Inpatient days reported for entire calendar year (Medicaid, Medicare, Veterans/Other, Private Pay)

Imputed occupancy requirements (indirect care and capital costs)

## *Cost Centers*

Direct care - wages, benefits, training for RNs, LPNs, nurse aides

Other Protected - medical supplies, real estate taxes, utilities

Indirect care - administrative and general costs (includes incontinence supplies and dietary costs)

Capital - depreciation, interest, and lease on buildings and assets

**[ Note: The Active Treatment Add-On Expense was added to the Direct Care Cost Center beginning with CY 2006. ]**

# Cost Center Components Included In Costs

Direct Care	Other Protected	Indirect Care	Capital
<p> <b>Direct Care Staff</b>  <b>Administrative Nursing Staff</b>  <b>Direct Care Consulting</b>  <b>Direct Care Management Fees</b>  <b>Direct Care Home Office Exp.</b>  <b>Medical Directors</b>  <b>Social Services Staff</b>  <b>Activities Staff</b>  <b>Psychologists</b>  <b>Psychology Assistants</b>  <b>Social Workers</b>  <b>Counselors</b>  <b>Habilitation Staff</b>  <b>Program Directors</b>  <b>Respiratory Therapists</b>  <b>Habilitation Supervisors</b>  <b>Physical Therapy</b>  <b>Occupational Therapy</b>  <b>Speech Therapy</b>  <b>Audiology</b>  <b>Active Treatment Add-On</b> </p> <p> <b>With the exceptions of other persons holding degrees to qualify them to provide therapy</b> </p>	<p> <b>Medical Supplies</b>  <b>Real Estate Taxes</b>  <b>Franchise Permit Fees</b>  <b>Property Taxes</b>  <b>Utilities</b>  <ul style="list-style-type: none"> <li>- Natural Gas</li> <li>- Fuel Oil</li> <li>- Water</li> <li>- Electricity</li> <li>- Sewage and Refuse</li> </ul> <b>Allocated Other Protected</b>  <b>Home Office Costs</b> </p>	<p> <b>Includes costs for all reasonable costs other than direct care costs, other protected costs or capital.</b> </p> <ul style="list-style-type: none"> <li>- habilitation supplies</li> <li>- pharmacy consultants</li> <li>- medical and habilitation records</li> <li>- program supplies</li> <li>- incontinence supplies</li> <li>- food</li> <li>- enterals</li> <li>- dietary personnel and supplies</li> <li>- laundry</li> <li>- housekeeping</li> <li>- security</li> <li>- administration</li> <li>- liability insurance</li> <li>- bookkeeping</li> <li>- purchasing department</li> <li>- human resources</li> <li>- communications</li> <li>- travel</li> <li>- dues</li> <li>- license fees</li> <li>- subscriptions</li> <li>- home office cost not otherwise allocated</li> <li>- legal and accounting fees</li> <li>- minor equipment</li> <li>- maintenance and repairs</li> <li>- advertising (help-wanted &amp; informational)</li> <li>- start-up costs</li> <li>- organizational cost</li> <li>- other interest</li> <li>- property insurance</li> <li>- employee training</li> <li>- staff development</li> <li>- benefits</li> <li>- payroll taxes</li> <li>- workers compensation premiums</li> </ul>	<p> <b>Cost of Ownership</b> </p> <ul style="list-style-type: none"> <li>- depreciation and interest on any capital asset that costs five hundred dollars or more per item</li> <li>- amortization and interest on land improvements and leasehold improvements</li> <li>- amortization of financing costs</li> <li>- lease and rent of land, building and equipment</li> </ul> <p> <b>Nonextensive Renovations</b> </p> <p> <b>Return on Net Equity</b> </p> <ul style="list-style-type: none"> <li>- ceiling of \$1 per resident per day</li> <li>- proprietary facilities only</li> </ul>
<p><b>Excluding (directly billed)</b></p>			

# Notes & Comments

- ▶ CAGR = Compound Annual Growth Rate, which is a statistical calculation used to average out (smooth out) the growth over time; a method of expressing a rate of growth over a number of years (10 years vs. 5 years).
- ▶ Number of Facilities in Report: varies from year to year, depends on how many received from MIS and how many are cleared.
- ▶ Bed Days Available: Is the total number of beds times 365 days in a year (or 366 for Leap Years: 1996, 2000, etc.). (i.e., 100 bed facility X 365 days in a year = 36,500 Bed Days Available)
- ▶ Vacant Bed Days Available: Bed Days Available minus Inpatient Days.
- ▶ Estimated Vacant Beds: Vacant Bed Days Available divided by 365 days. (366 for Leap Years.).
- ▶ Inpatient Days: Sum of Medicaid Days, Private Days, Medicare Days, and Veteran's/Other Days.
- ▶ Medicaid Utilization: Medicaid Days divided by Inpatient Days.
- ▶ Occupancy: Inpatient Days divided by Bed Days Available.
- ▶ **[NOTE: The Active Treatment Add-On Expense was added to the Direct Care Cost Center in 2006.]**

# **ICF-MR**

# **Cost Report Trends**

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**Calendar Years 2001 - 2010**

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- < **Assumptions**
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- < **Per Diem Trends**
- < **Facility Information**
- < **Utilization Trends**

# Assumptions

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- < **Expenses are as filed by the providers on the cost report**
- < **Population includes all cost reports cleared at a point in time**
  - ↑ **Sample size varies from year to year**
- < **Per diems are calculated by dividing expenses by inpatient days**

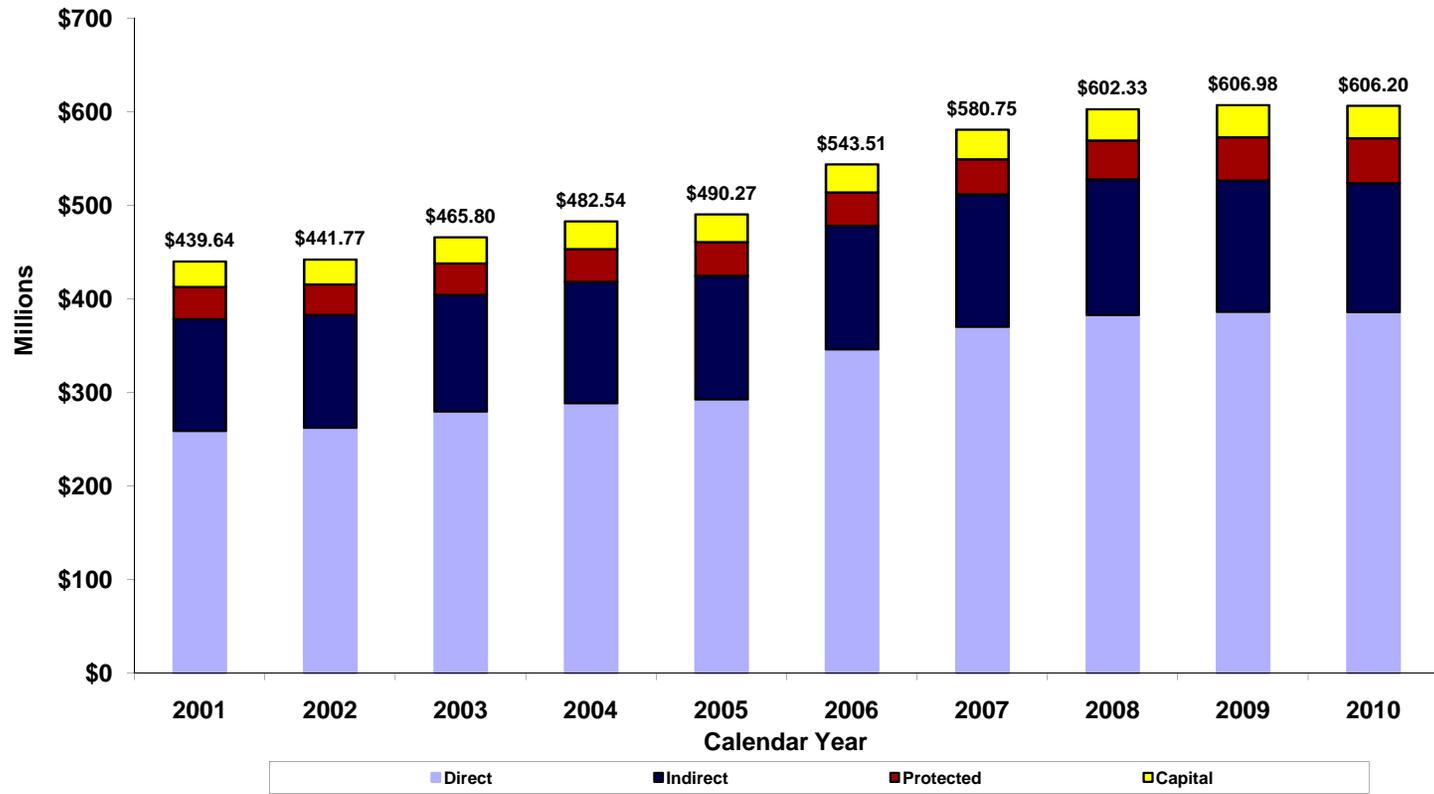
# Expense Trends

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- ▶ **Total expenses**
- ▶ **Direct Care Cost Center \***
- ▶ **Indirect Care Cost Center**
- ▶ **Capital Cost Center**
- ▶ **Protected Cost Center**

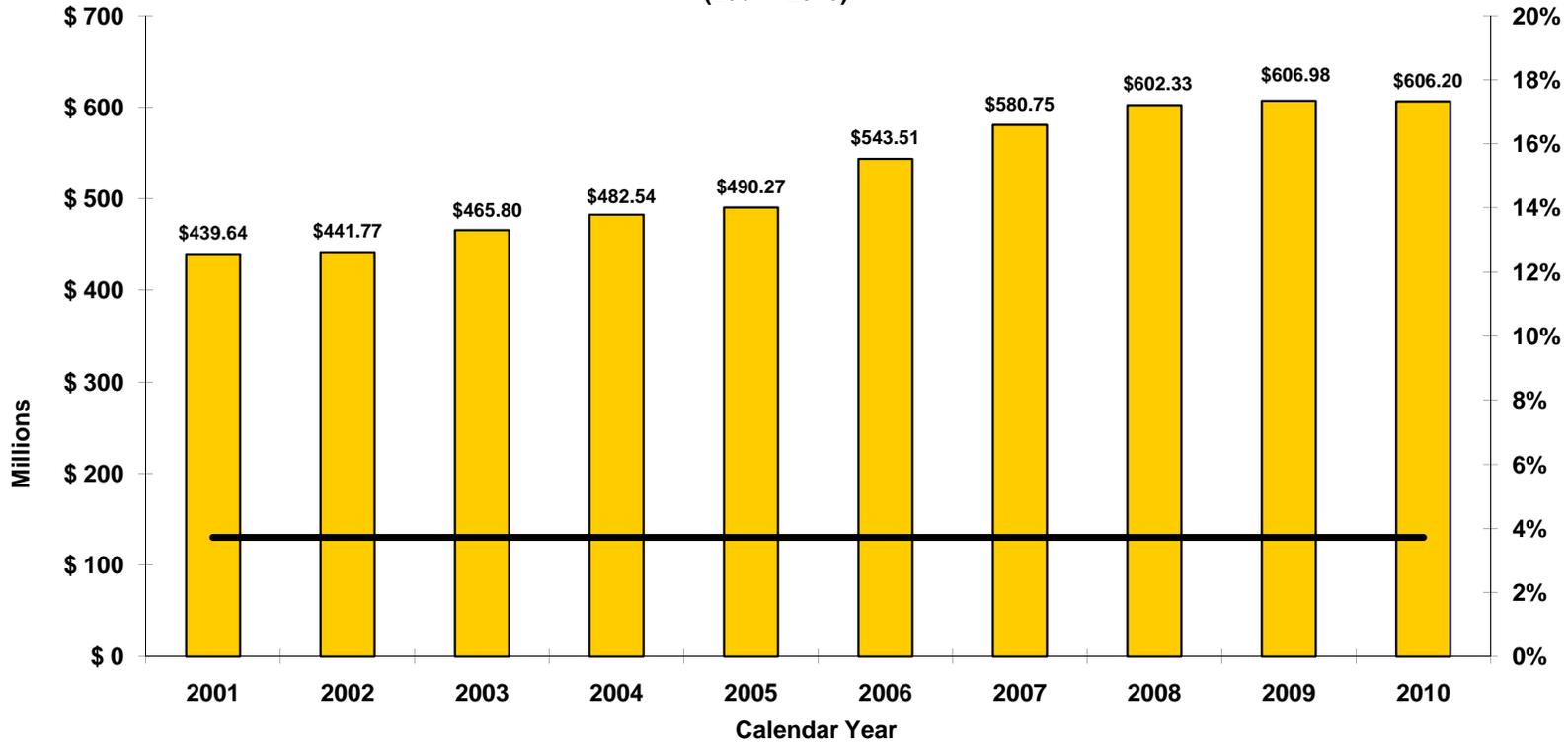
\* As of CY 2006, the Active Treatment Add-On Expense is now part of this Cost Center

### ICF-MR Facilities Total Expense (2001 - 2010)



Note: As of Calendar Year 2006, the Active Treatment add-on expense is now part of the Direct Care Cost Center.

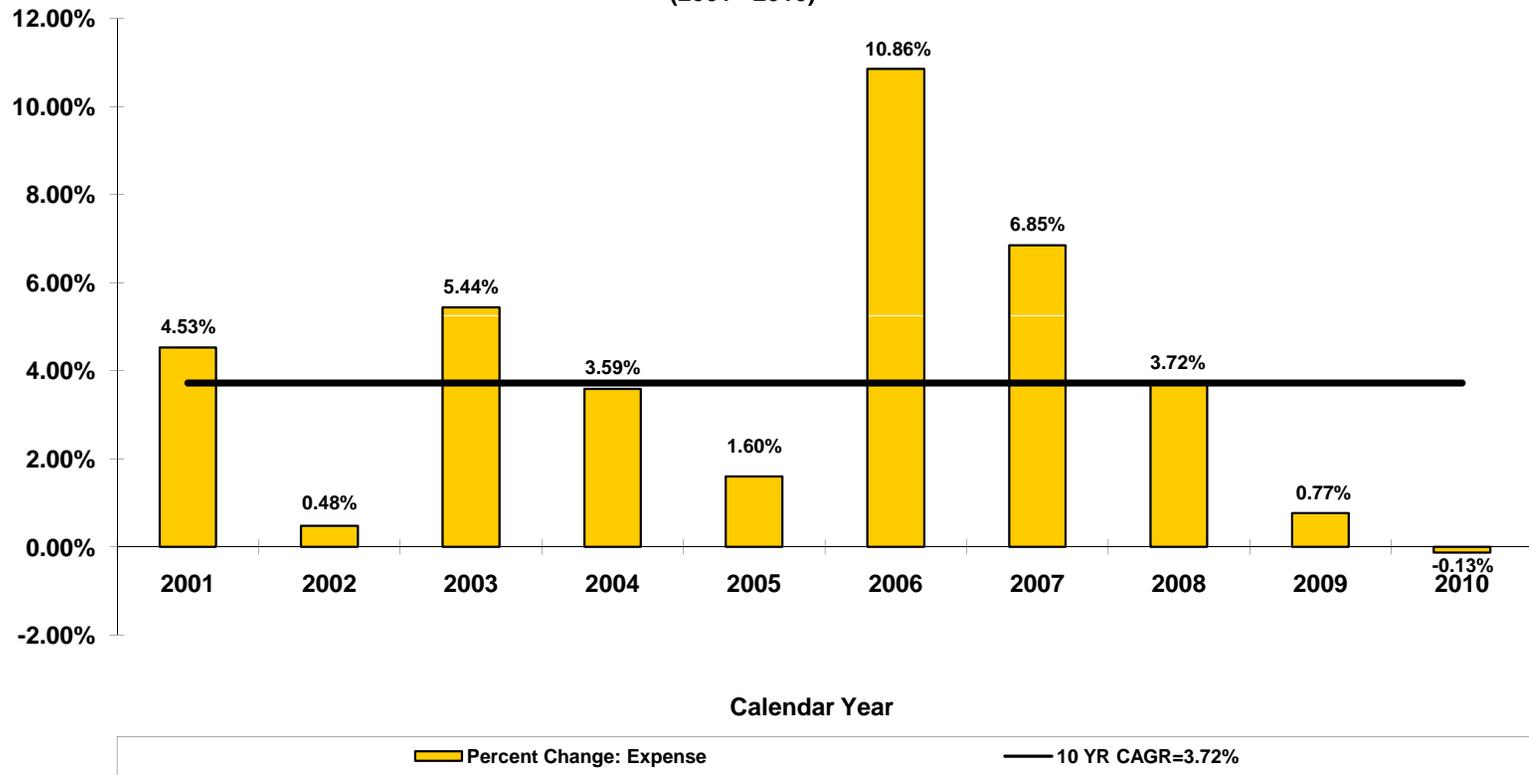
### ICF-MR Facilities Total Expense (2001 - 2010)



■ Total Expense      — 10 YR CAGR=3.72%

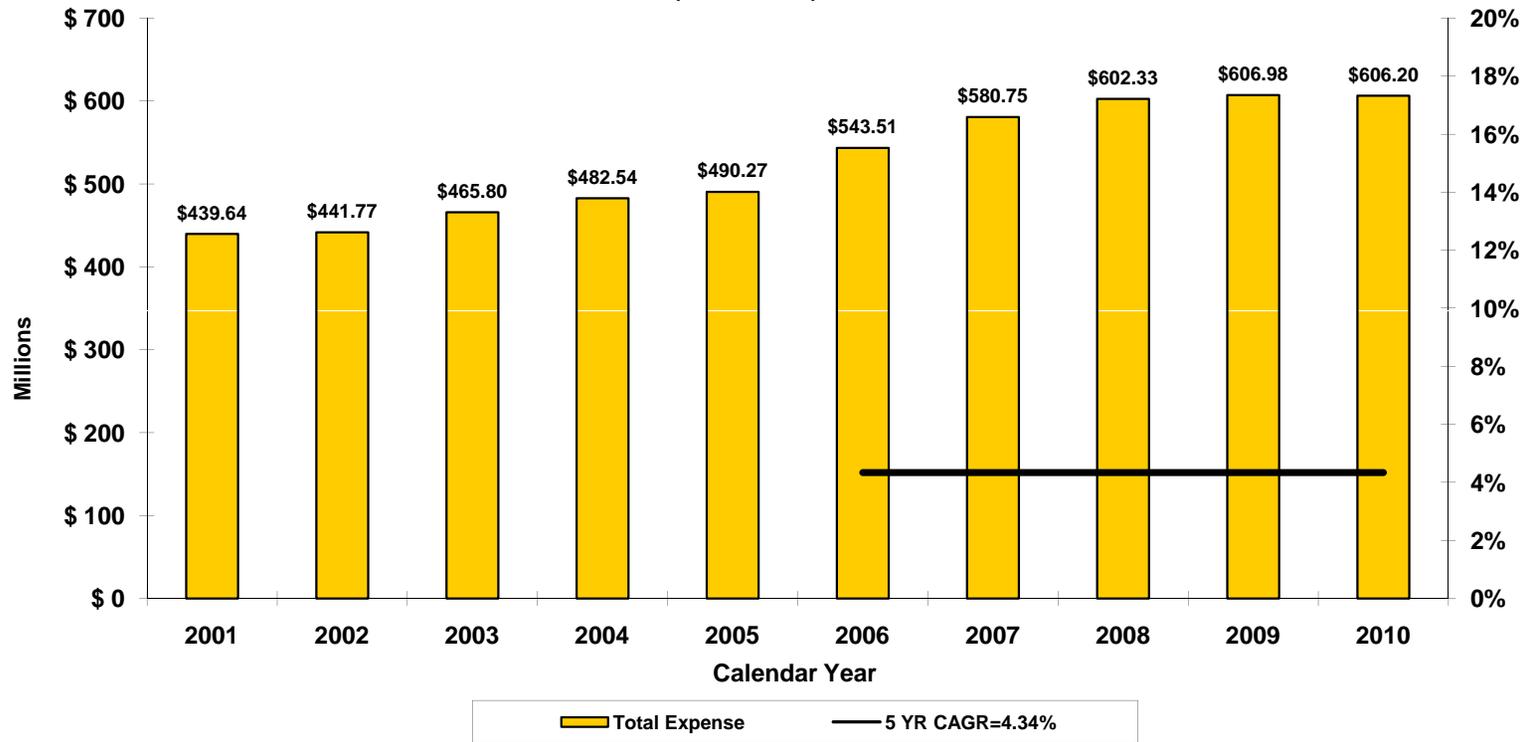
Note: As of Calendar Year 2006, the Active Treatment add-on expense is part of the Direct Care Cost Center

### ICF-MR Facilities Total Expense (2001 - 2010)



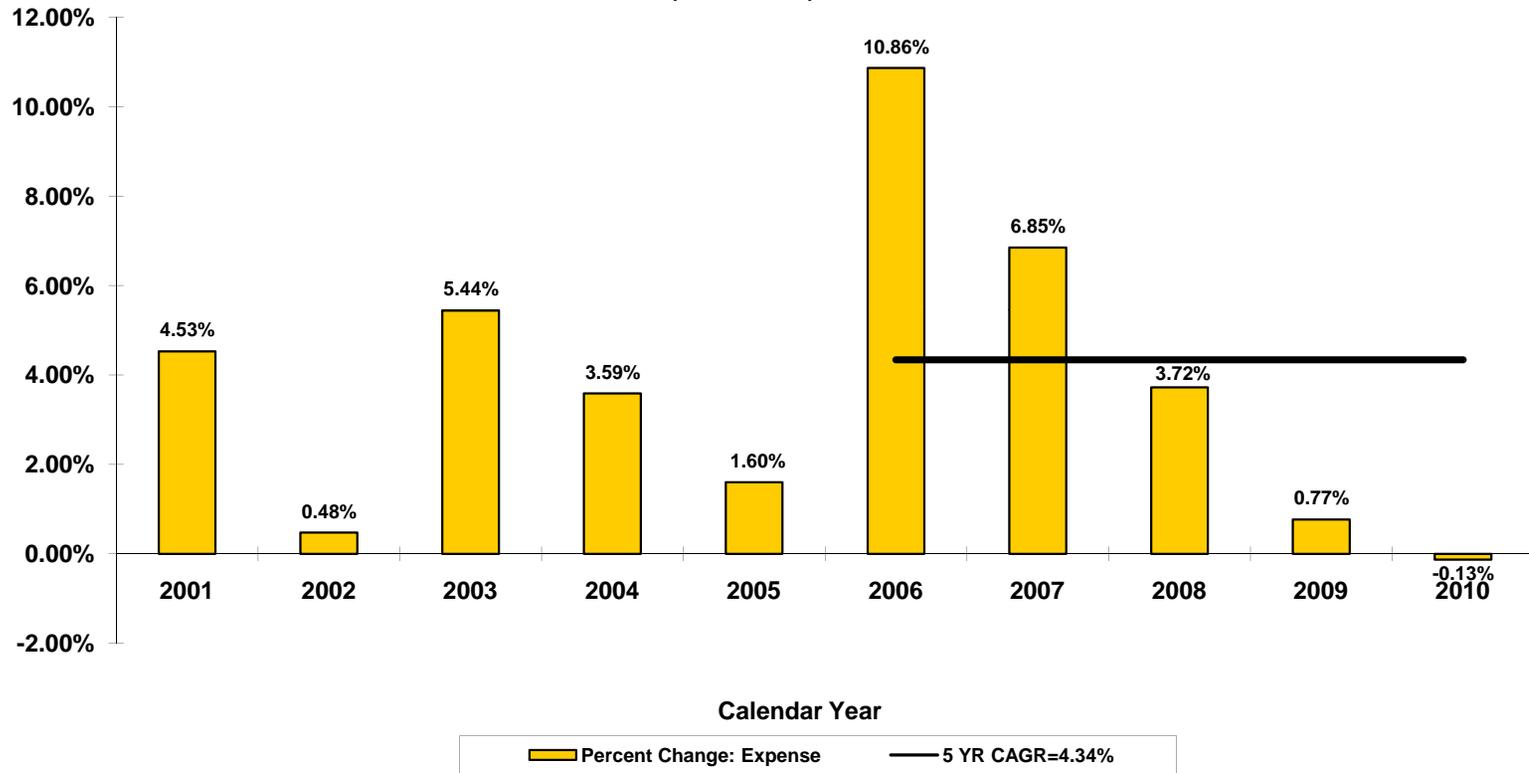
Note: As of Calendar Year 2006, the Active Treatment add-on expense is now part of the Direct Care Cost Center

### ICF-MR Facilities Total Expense (2001 - 2010)



Note: As of Calendar Year 2006, the Active Treatment add-on expense is part of the Direct Care Cost Center

**ICF-MR Facilities  
Total Expense  
(2001 - 2010)**



Note: As of Calendar Year 2006, the Active Treatment add-on expense is not part of the Direct Care Cost Center

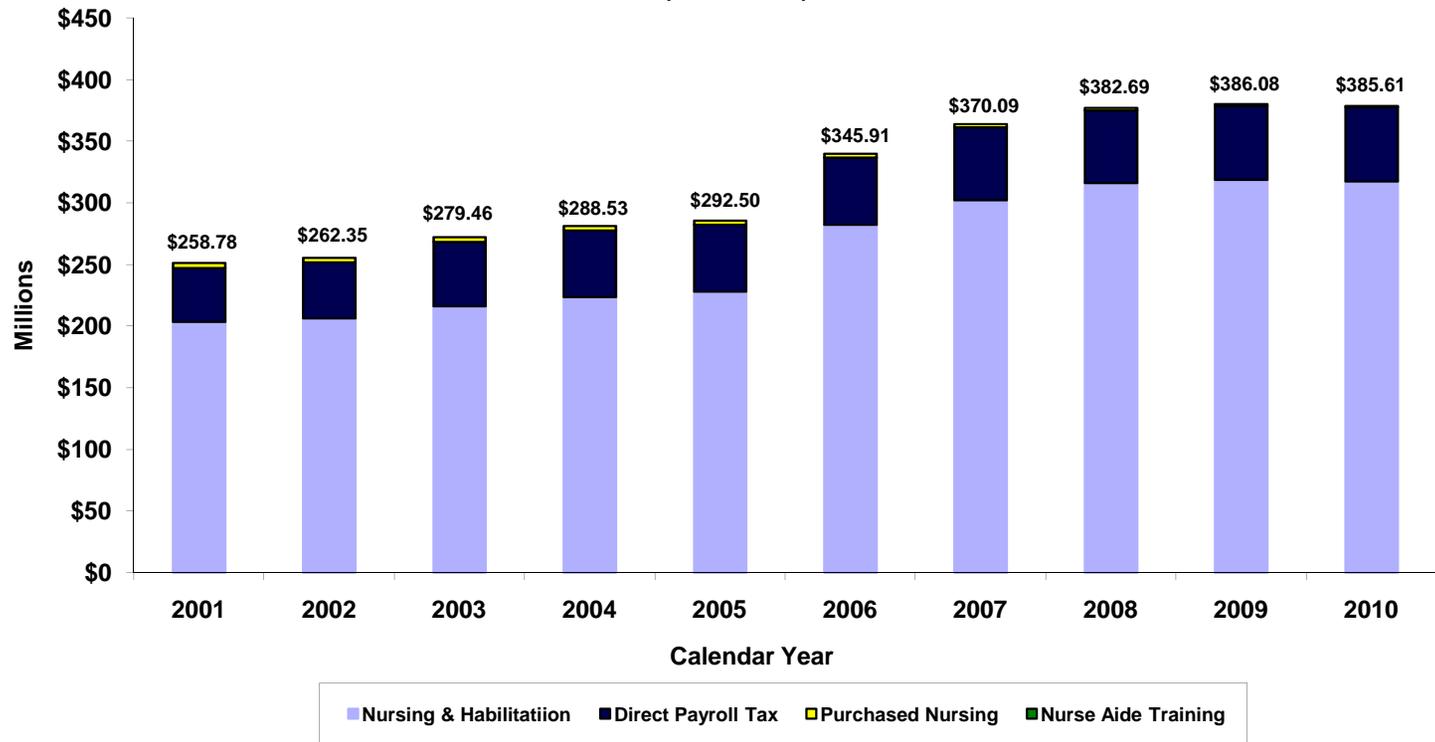
# Direct Care Cost Center

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- < **Nursing & Habilitation \***
- < **Direct Care Payroll Taxes**
- < **Purchased Nursing**
- < **Nurse Aide Training**

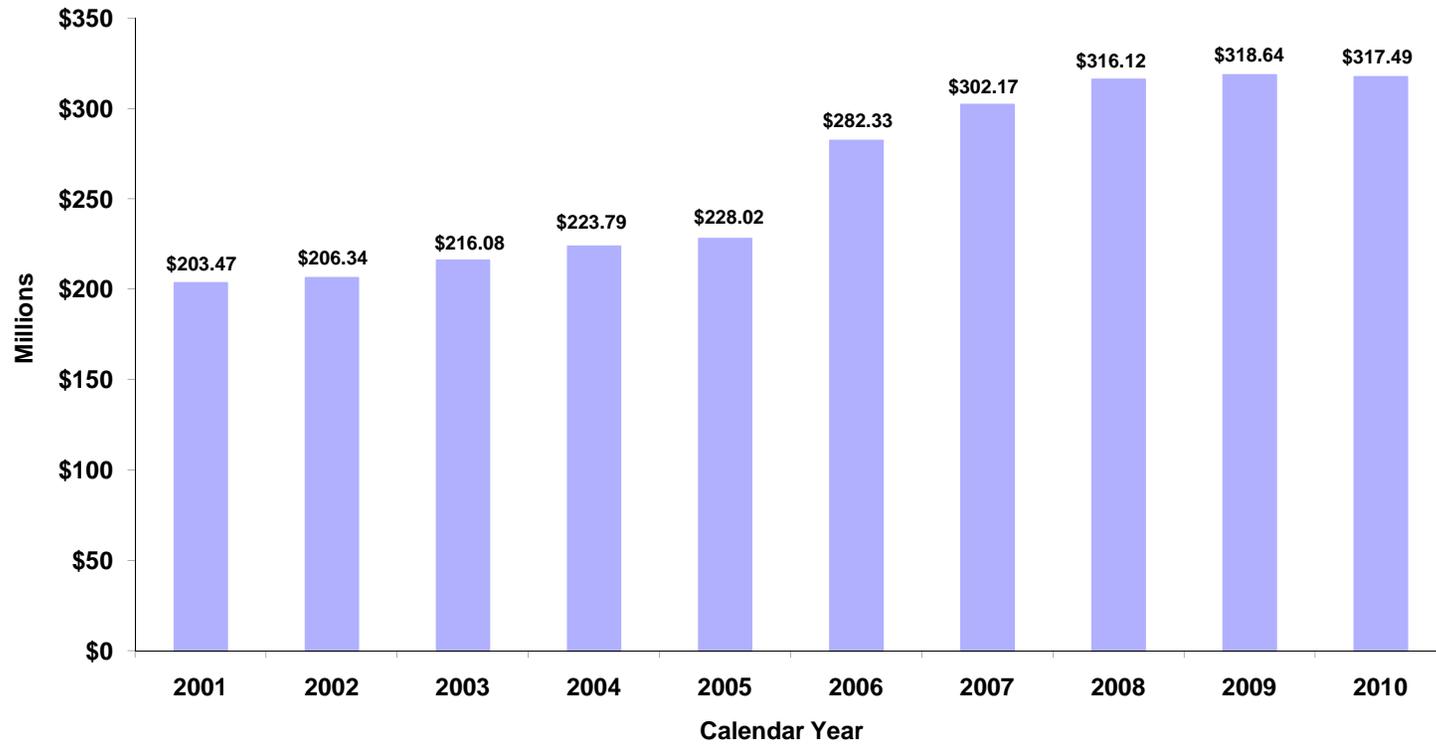
\* **As of CY 2006, the Active Treatment Add-On Expense is now part of this Sub-Account**

### ICF-MR Facilities Direct Filed Expense (2001 - 2010)



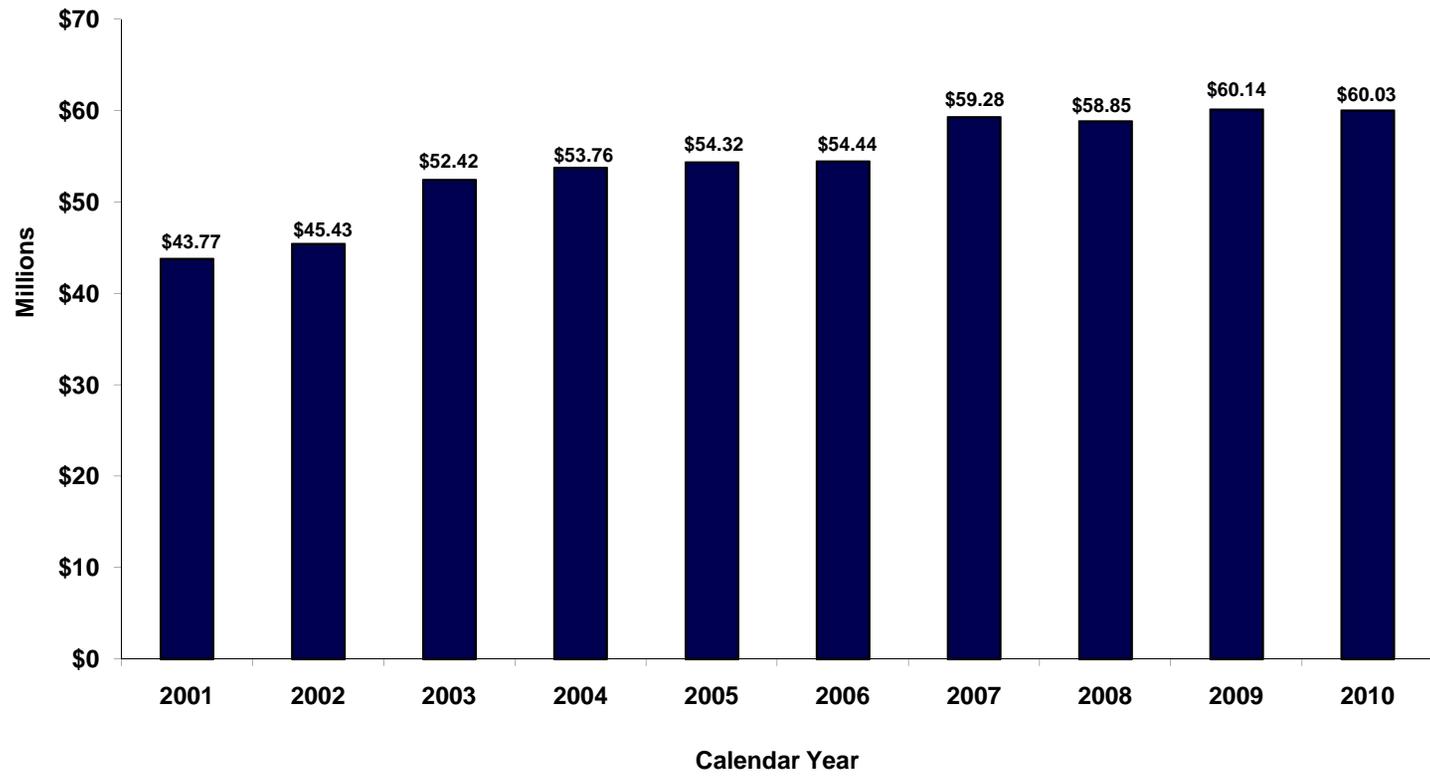
Note: As of Calendar Year 2006, the Active Treatment add-on expense is now part of the Direct Care Cost Center

**ICF-MR Facilities  
Nursing & Habilitation Expense  
(2001 - 2010)**

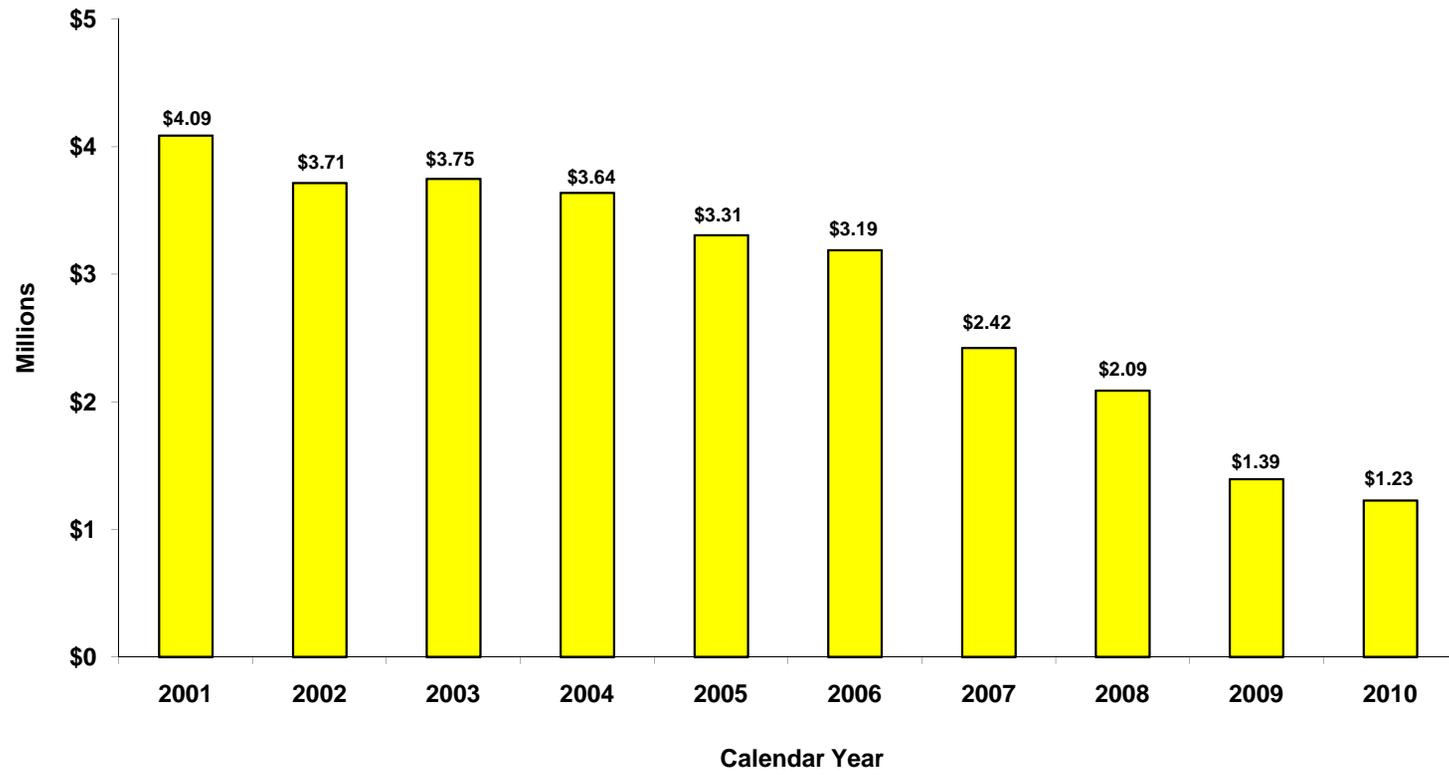


Note: As of Calendar Year 2006, the Active Treatment add-on expense is now part of this sub-account

**ICF-MR Facilities  
Direct Payroll Tax Expense  
(2001 - 2010)**



**ICF-MR Facilities  
Purchased Nursing Expense  
(2001 - 2010)**

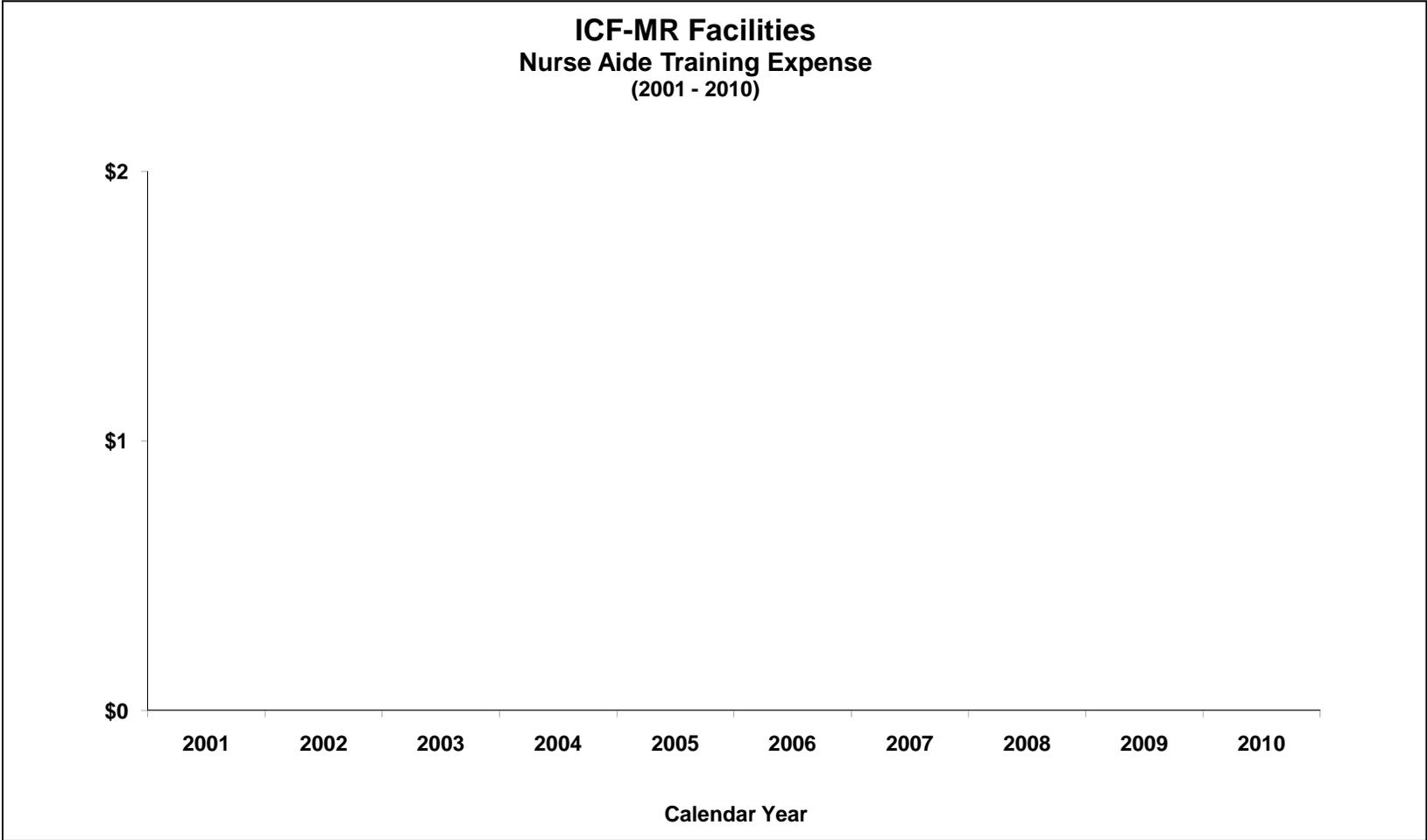


**ICF-MR Facilities**  
**Nurse Aide Training Expense**  
**(2001 - 2010)**

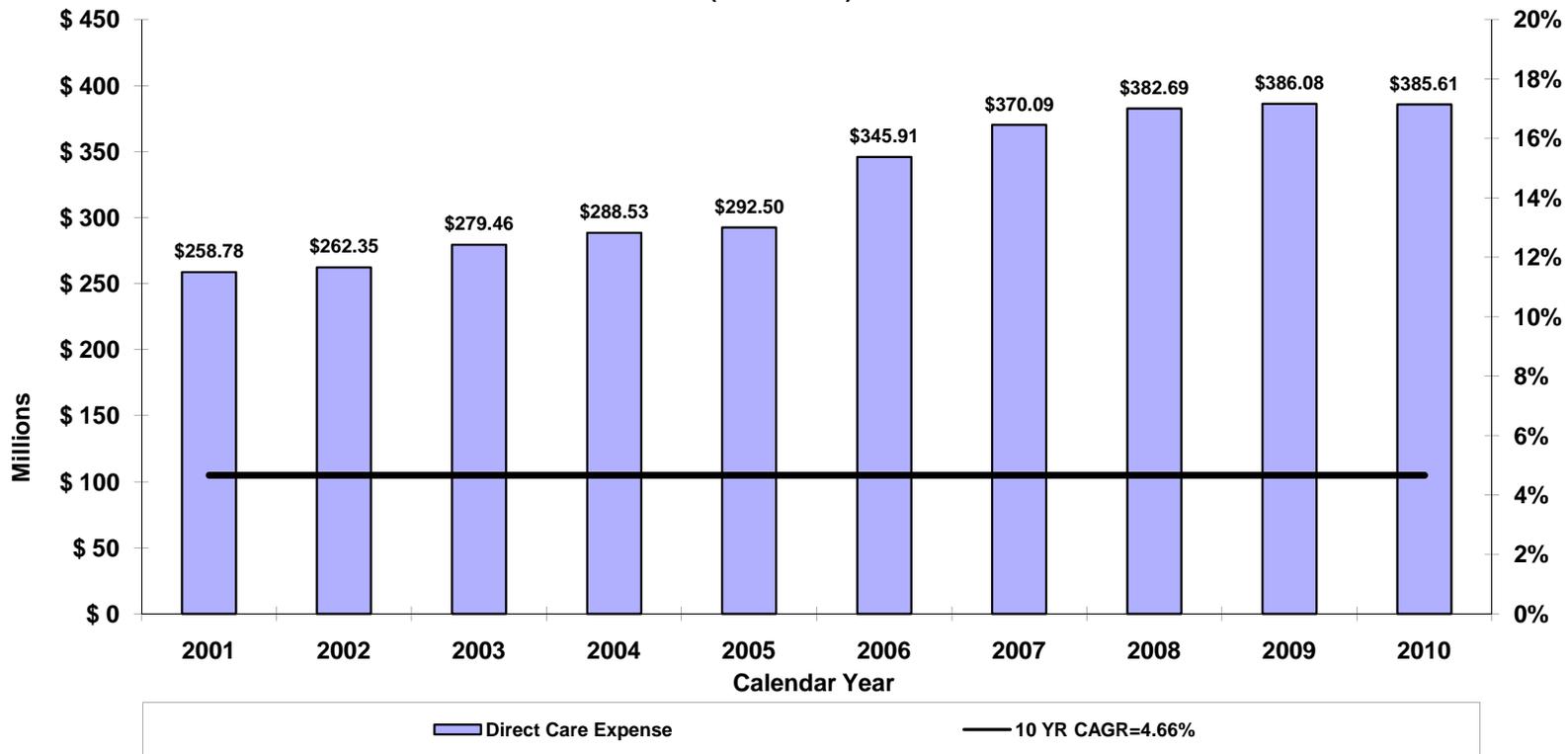
\$2  
\$1  
\$0

2001 2002 2003 2004 2005 2006 2007 2008 2009 2010

Calendar Year

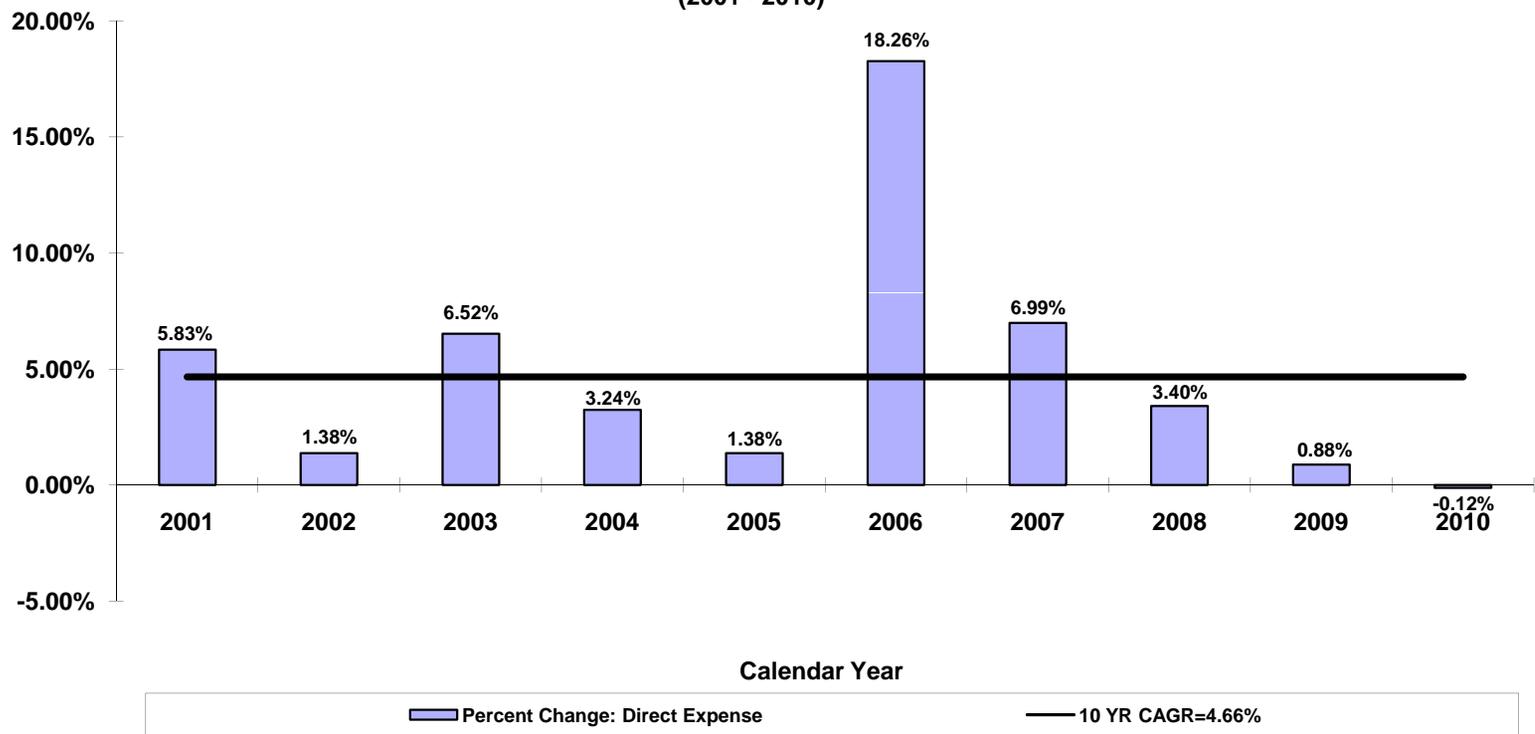


### ICF-MR Facilities Direct Care Expense (2001 - 2010)



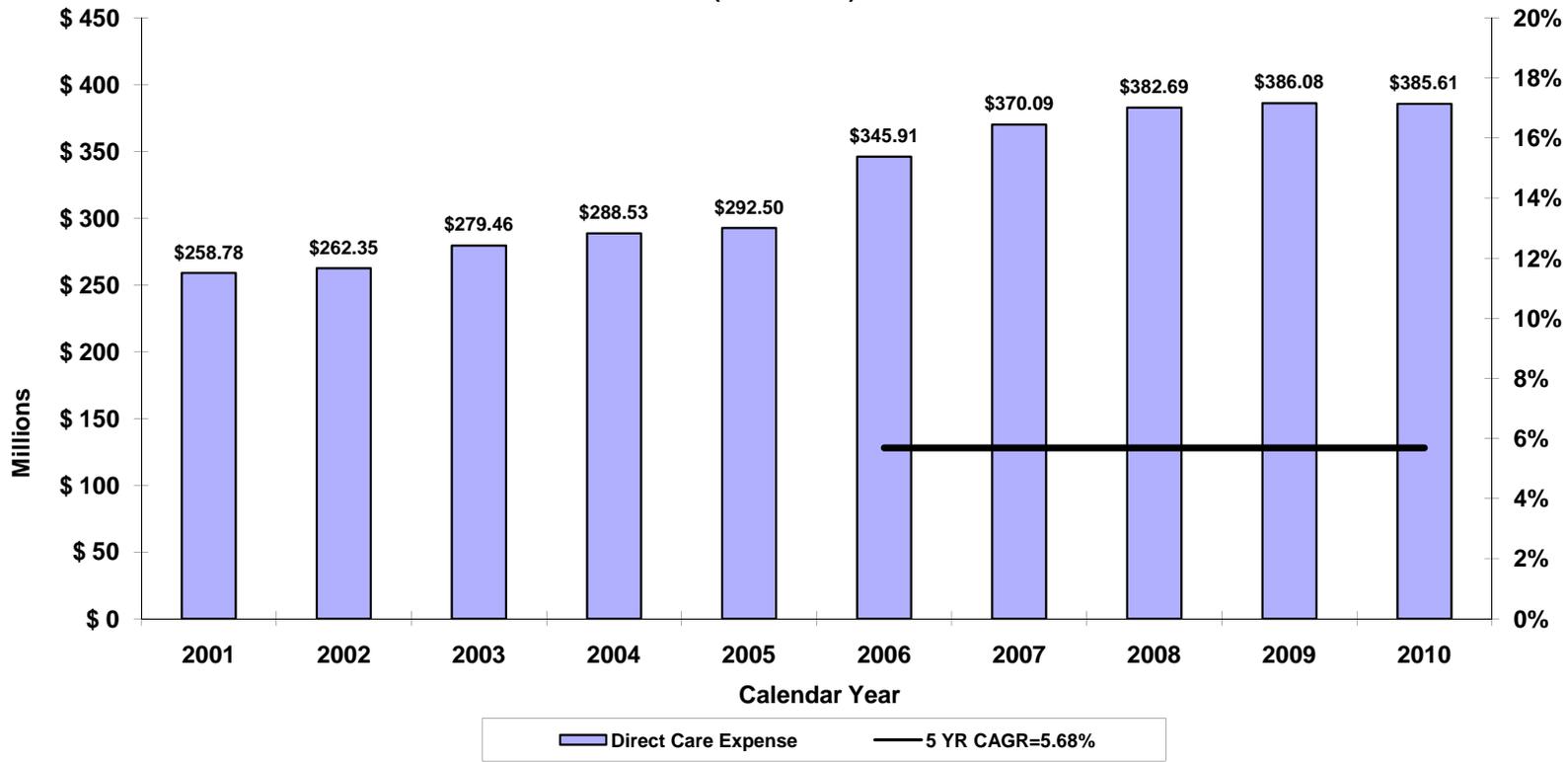
Note: As of Calendar Year 2006, the Active Treatment add-on expense is now part of the Direct Care Cost Center

### ICF-MR Facilities Direct Care Expense (2001 - 2010)



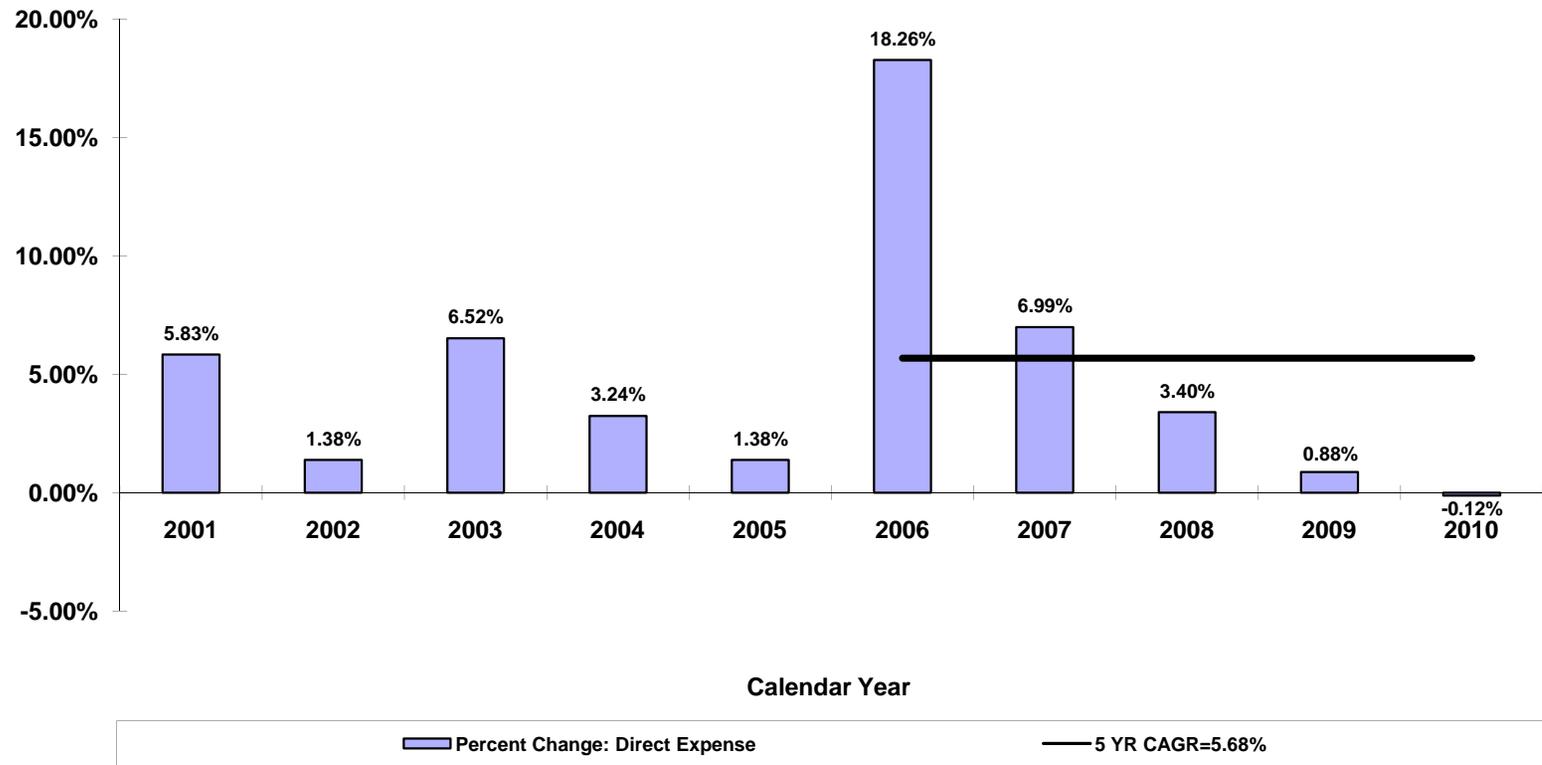
Note: As of Calendar Year 2006, the Active Treatment add-on expense is now part of the Direct Care Cost Center

### ICF-MR Facilities Direct Care Expense (2001 - 2010)



Note: As of Calendar Year 2006, the Active Treatment add-on expense is now part of the Direct Care Cost Center

### ICF-MR Facilities Direct Care Expense (2001 - 2010)



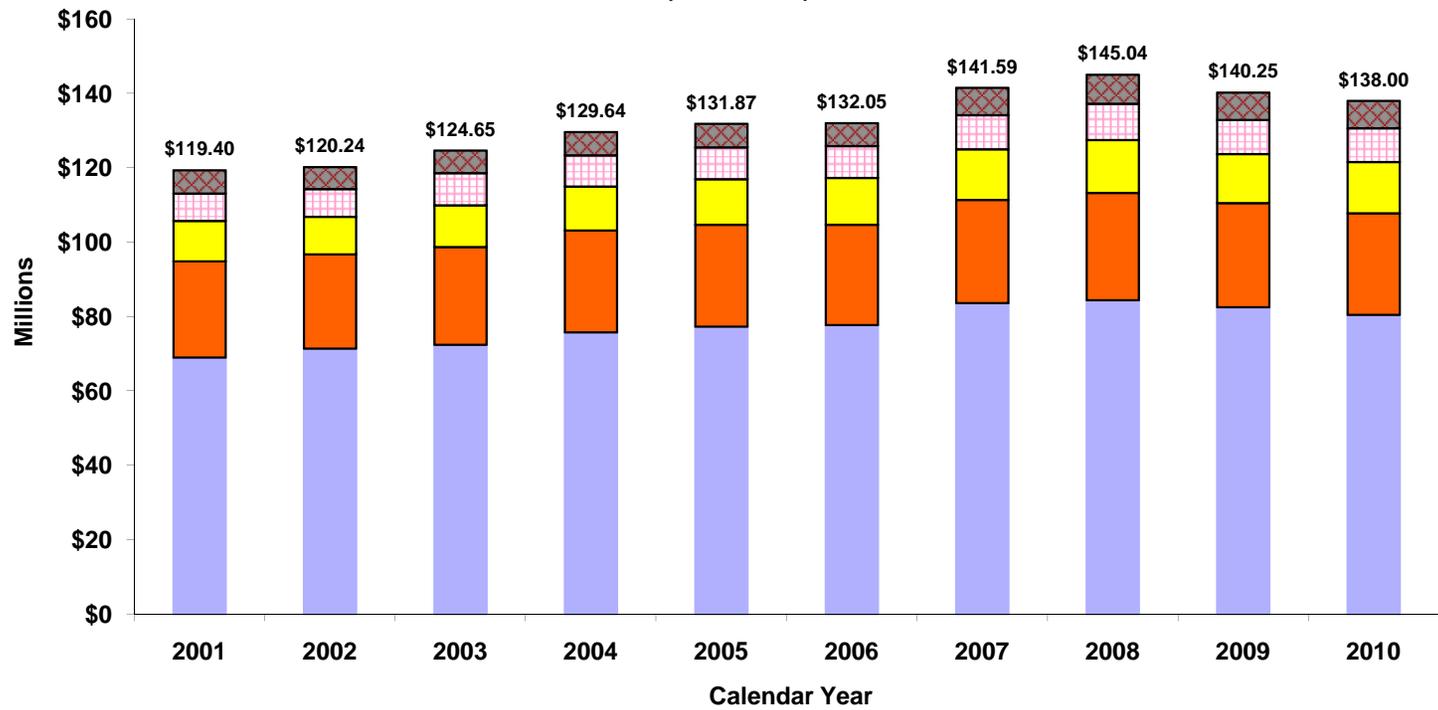
Note: As of Calendar Year 2006, the Active Treatment add-on expense is now part of the Direct Care Cost Center

# Indirect Care Cost Center

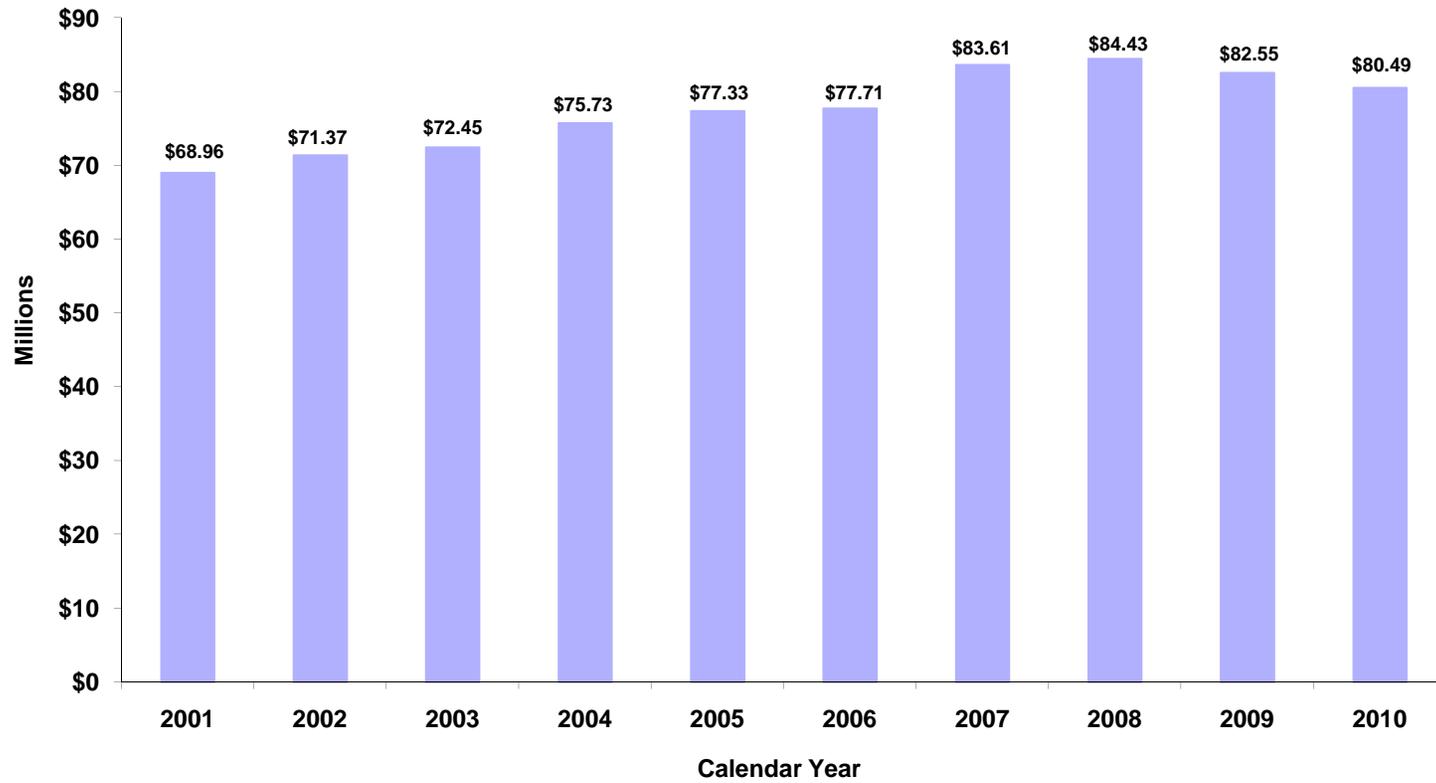
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- < **Administrative and General**
- < **Dietary**
- < **Maintenance and Repair**
- < **Indirect Care Payroll Taxes**
- < **Incontinence and Other Program Supplies**

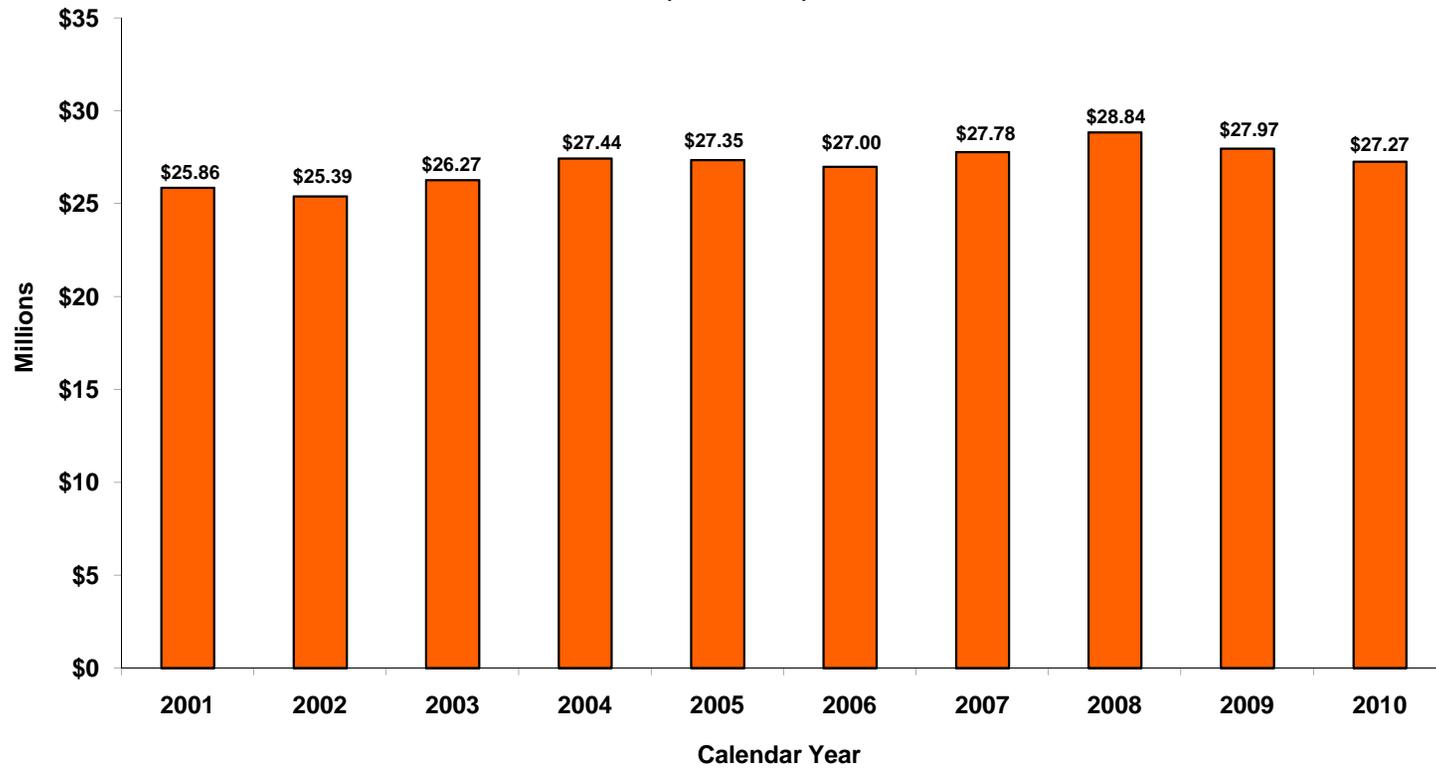
### ICF-MR Facilities Indirect Filed Expense (2001 - 2010)



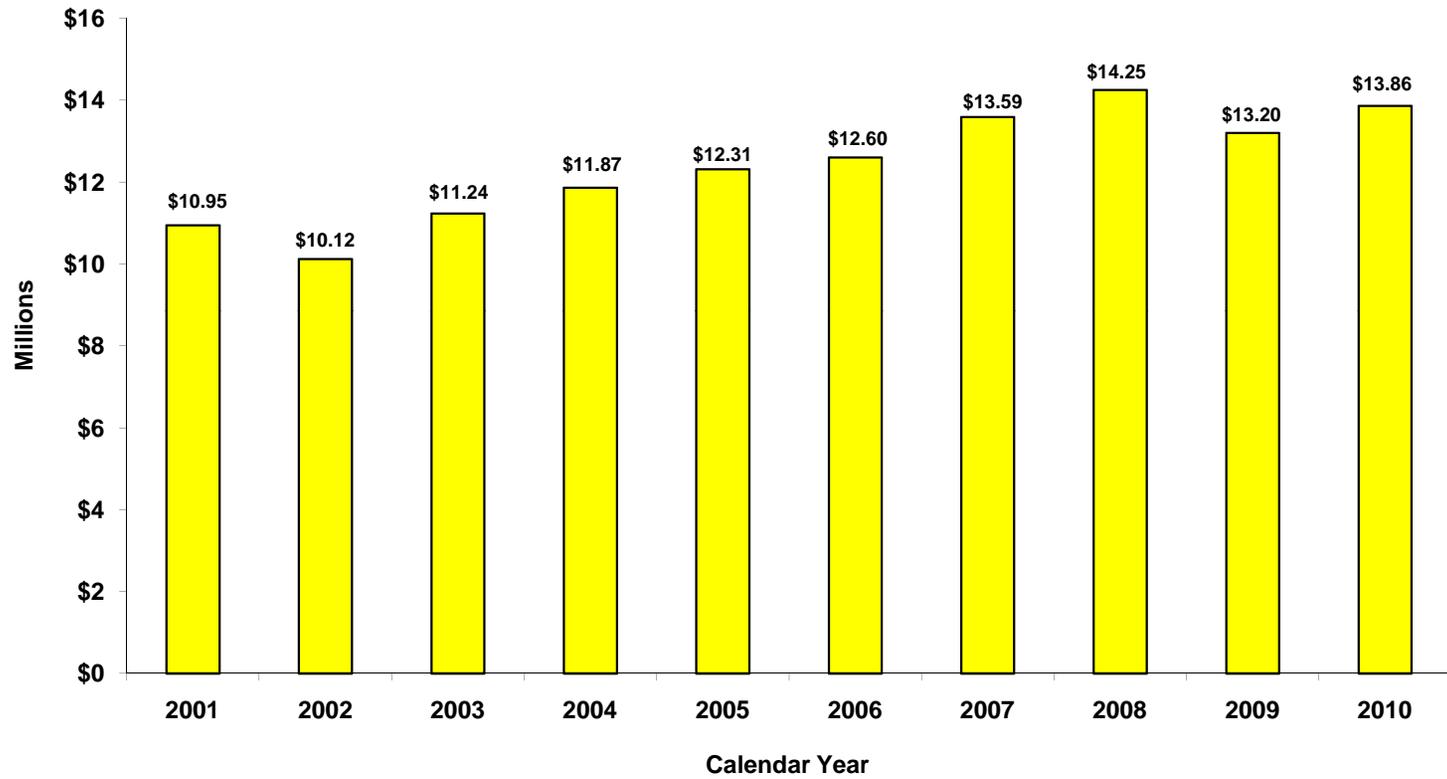
**ICF-MR Facilities  
Administrative & General Expense  
(2001 - 2010)**



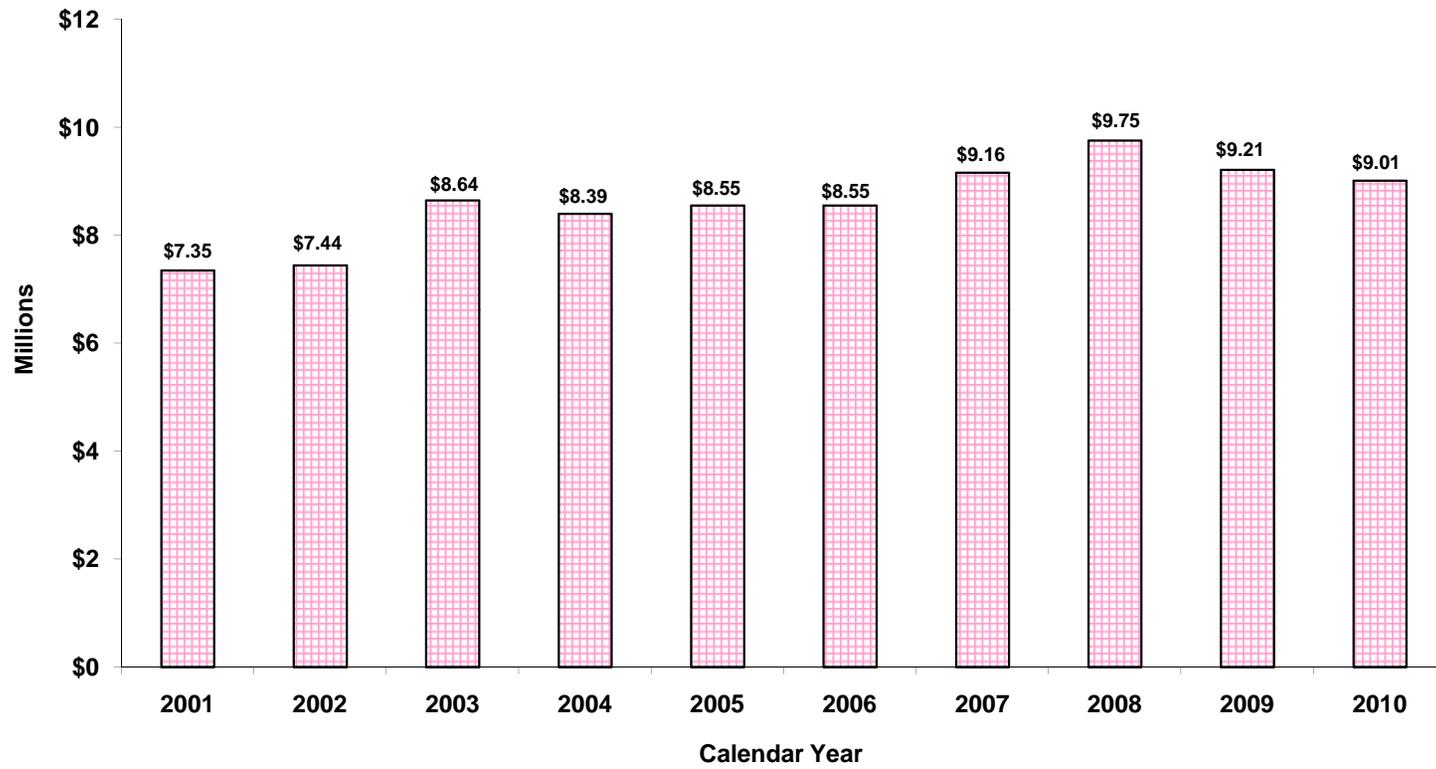
**ICF-MR Facilities  
Dietary Expense  
(2001 - 2010)**



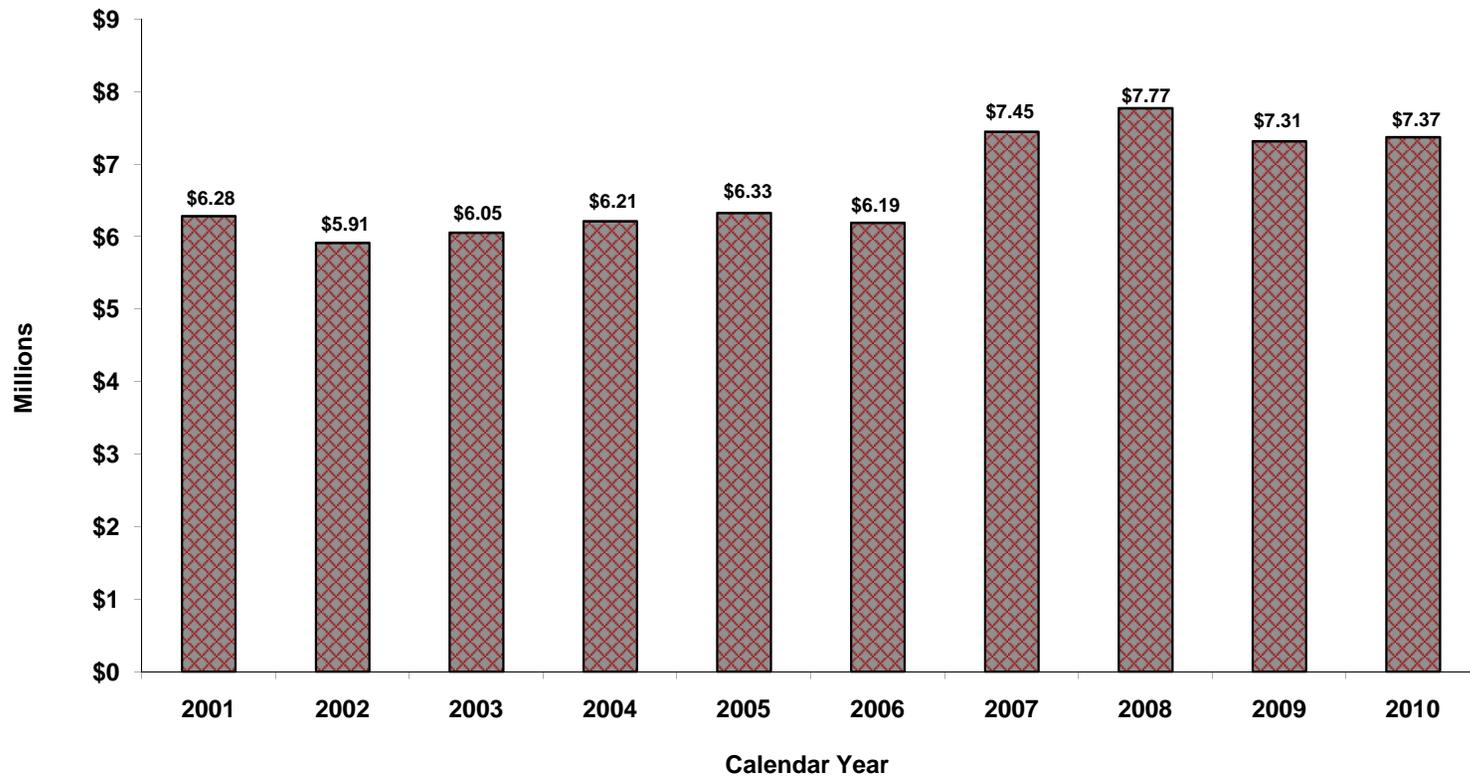
**ICF-MR Facilities  
Maintenance & Repair Expense  
(2001 - 2010)**



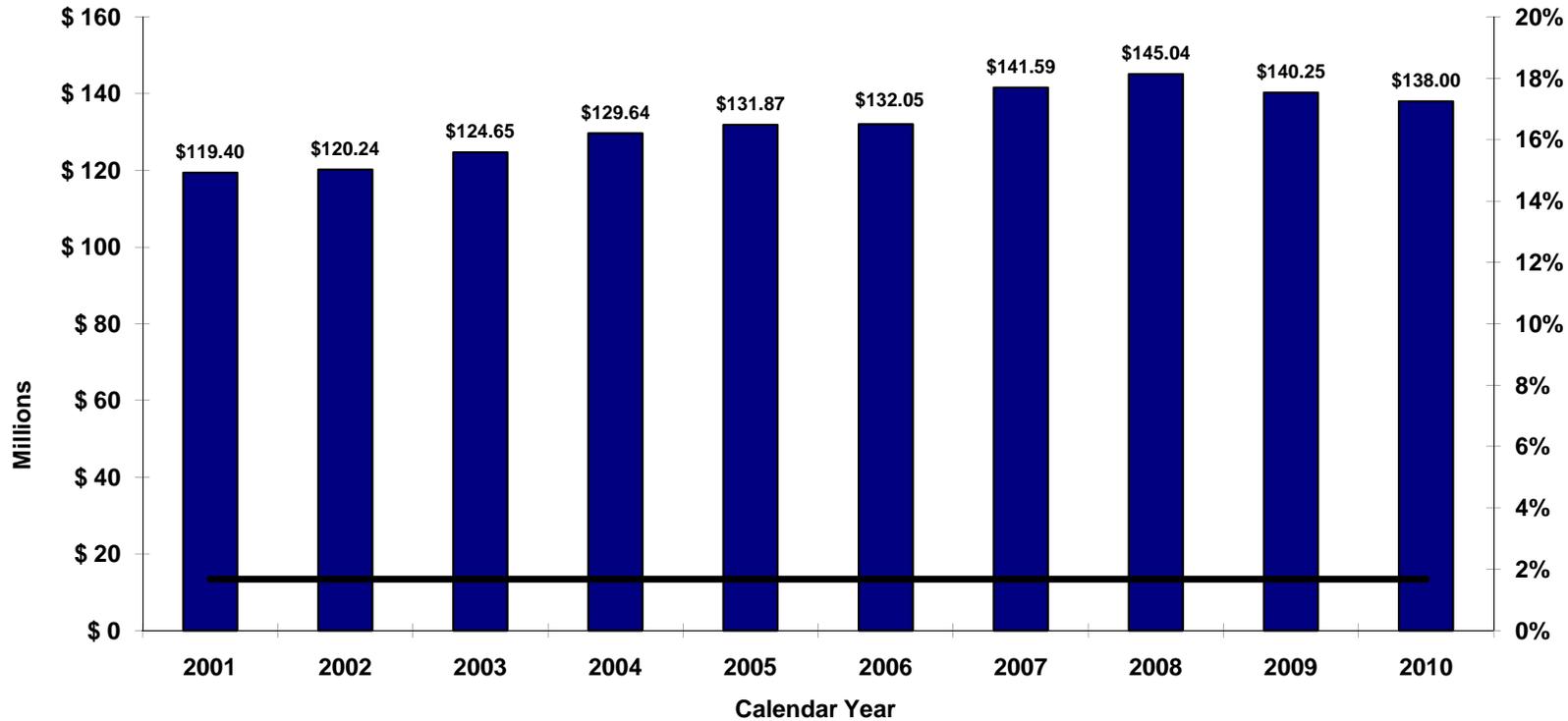
**ICF-MR Facilities**  
**Indirect Payroll Tax Expense**  
**(2001 - 2010)**



**ICF-MR Facilities  
Incontinence & Other Supplies Expense  
(2001 - 2010)**

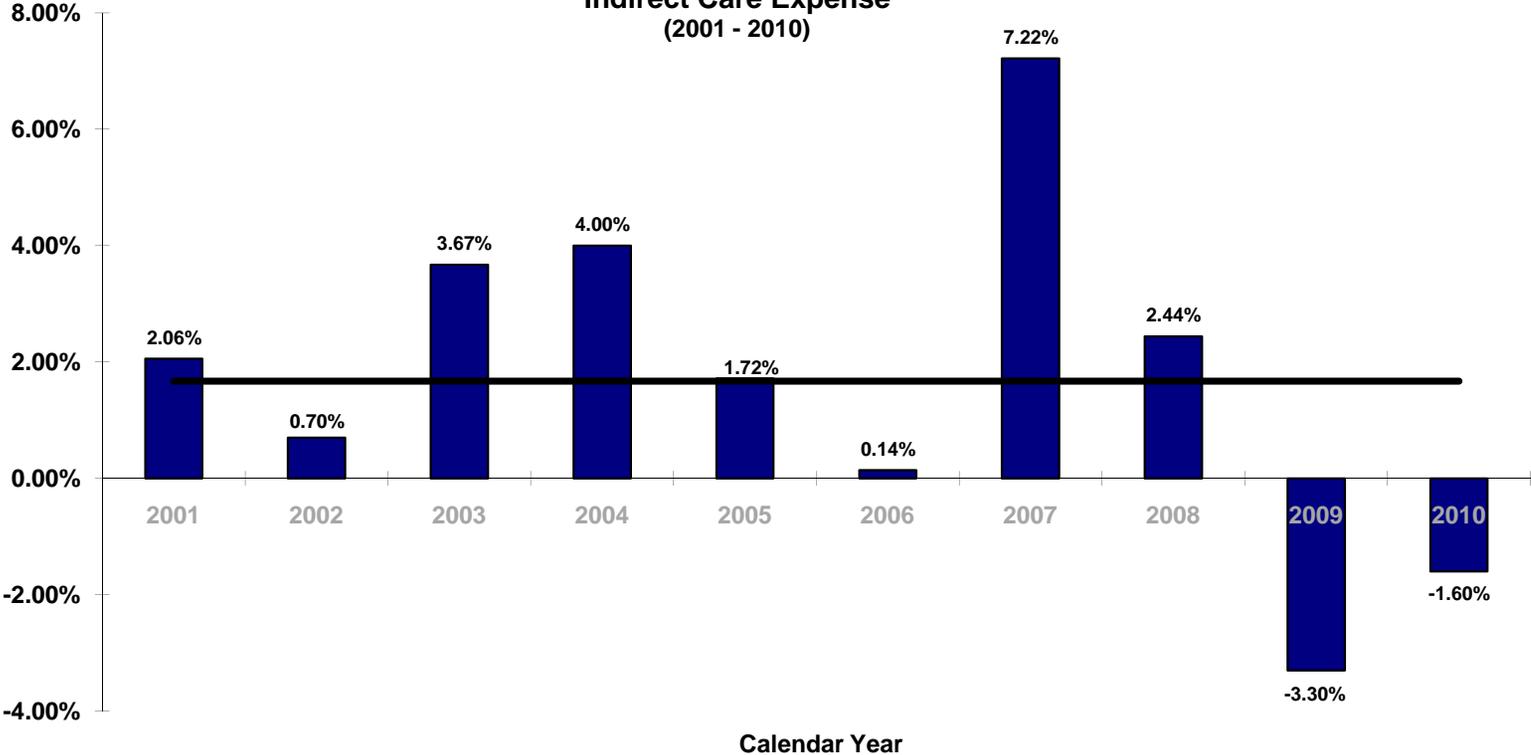


**ICF-MR Facilities  
Indirect Care Expense  
(2001 - 2010)**



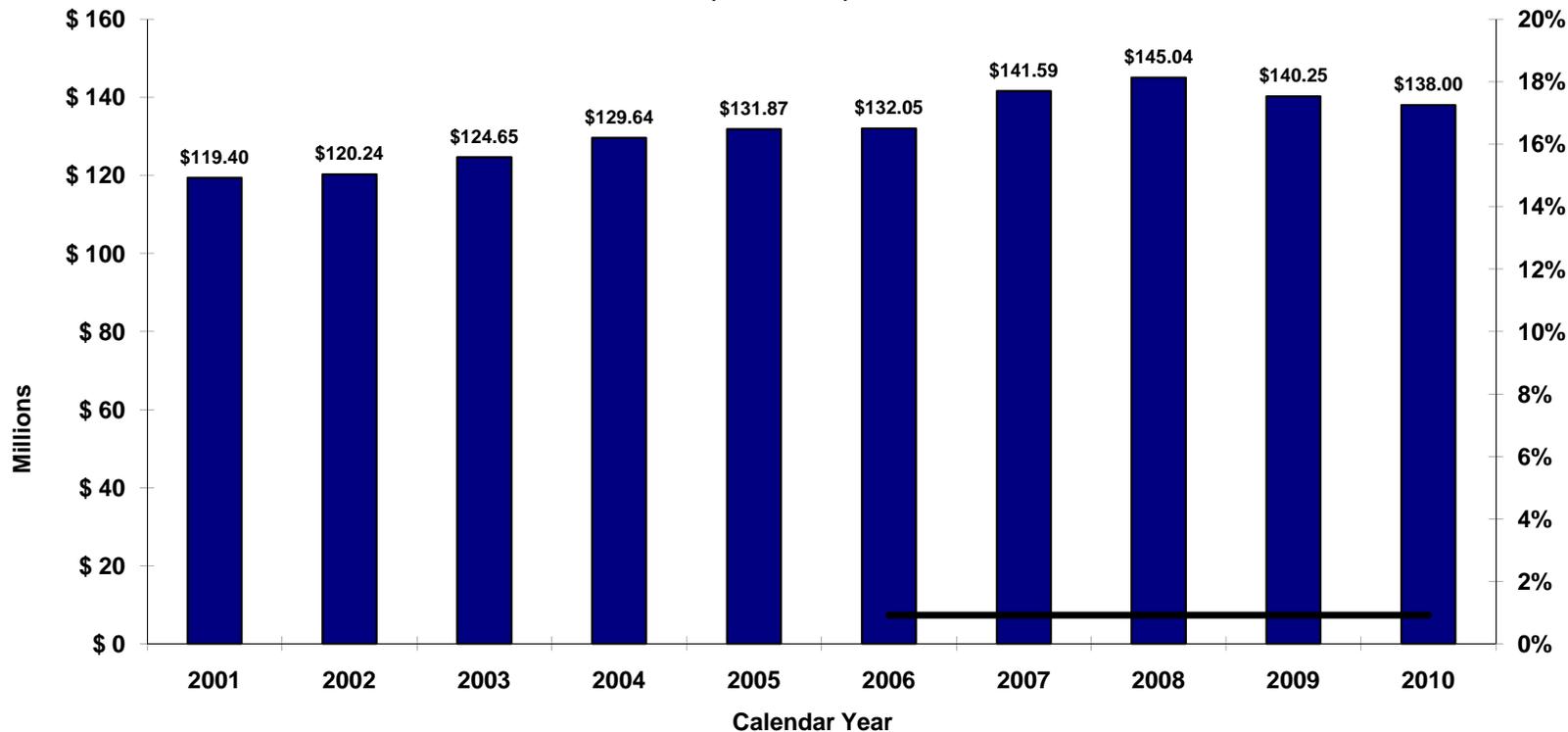
■ Indirect Care Expense    — 10 YR CAGR=1.67%

**ICF-MR Facilities  
Indirect Care Expense  
(2001 - 2010)**



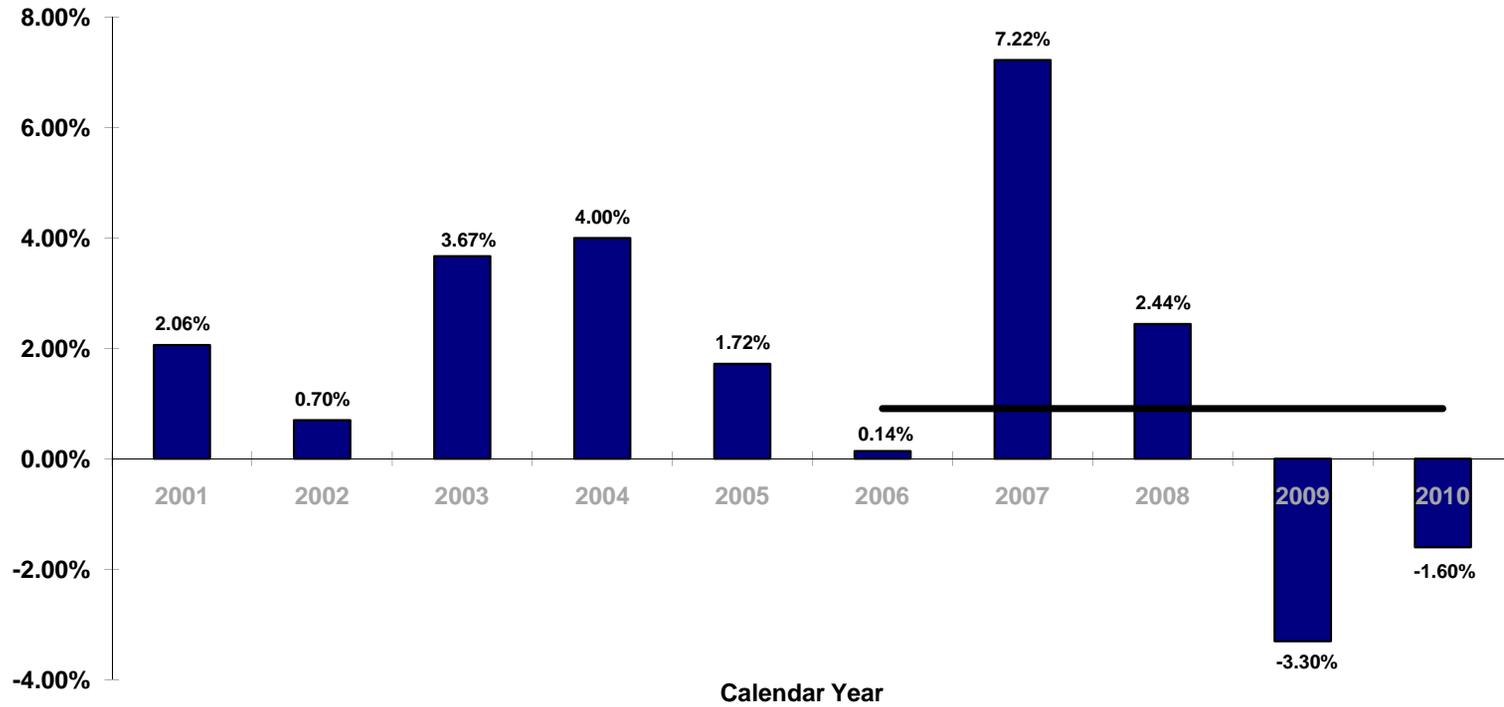
■ Percent Change: Indirect Expense    — 10 YR CAGR=1.67%

**ICF-MR Facilities  
Indirect Care Expense  
(2001 - 2010)**



■ Indirect Care Expense      — 5 YR CAGR=0.91%

### ICF-MR Facilities Indirect Care Expense (2001 - 2010)



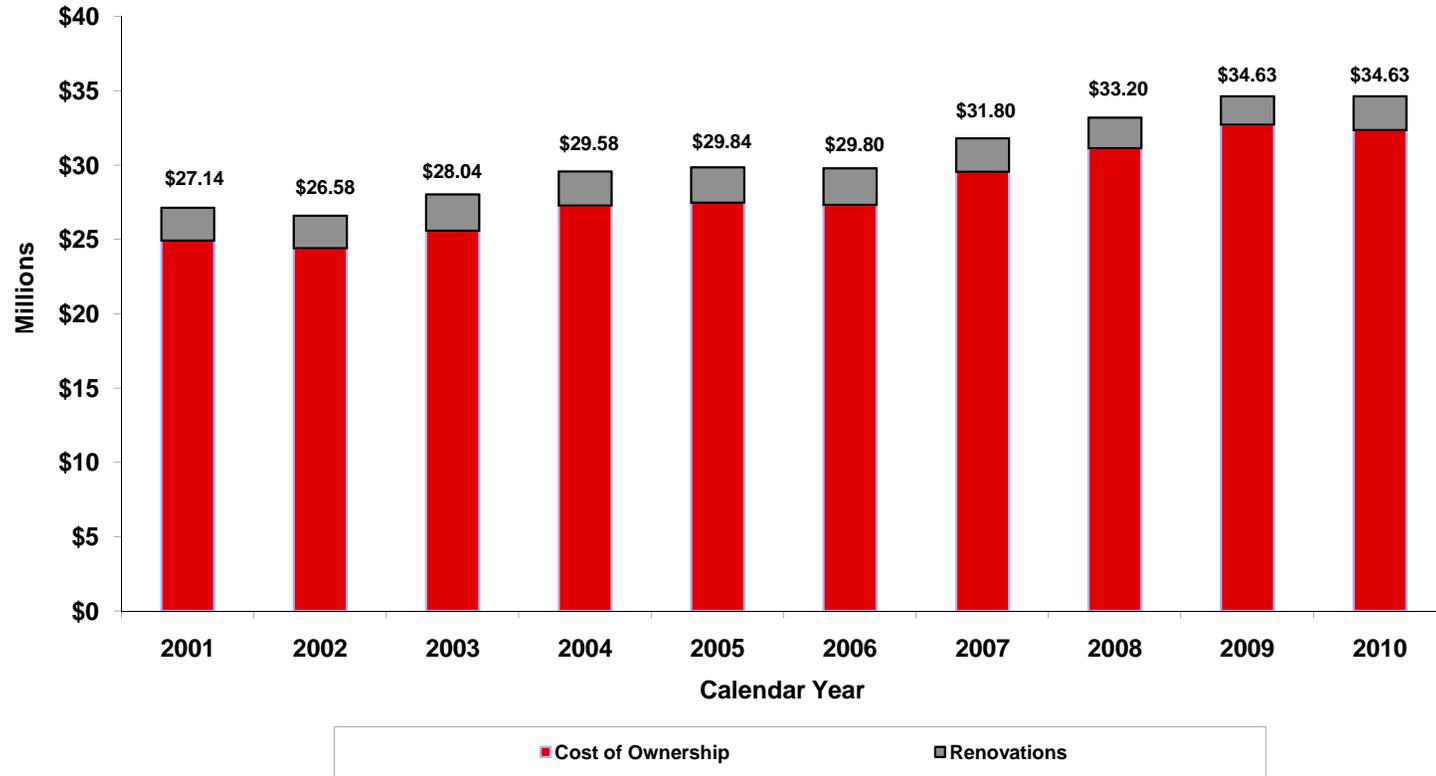
■ Percent Change: Indirect Expense    — 5 YR CAGR=0.91%

# Capital Cost Center

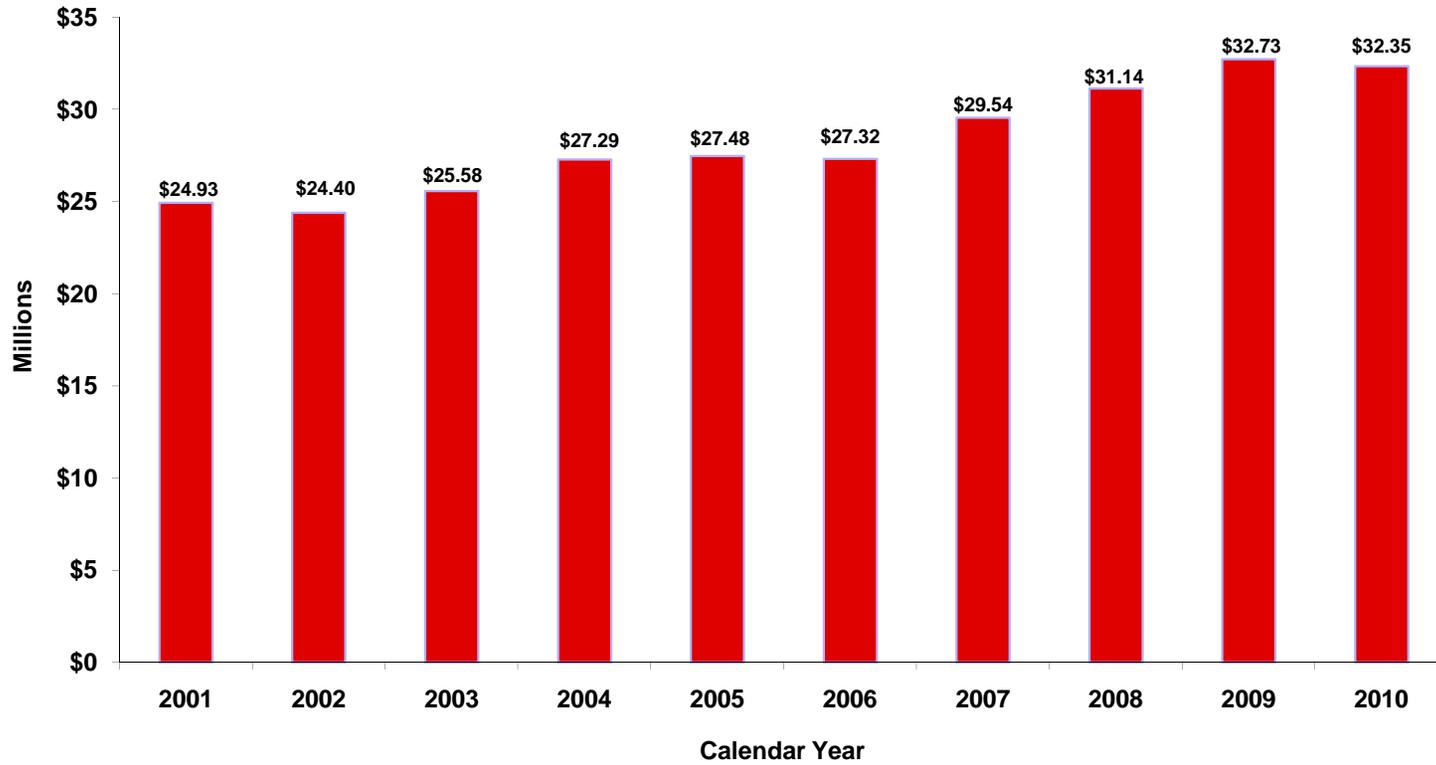
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- < **Cost of Ownership**
- < **Renovation**

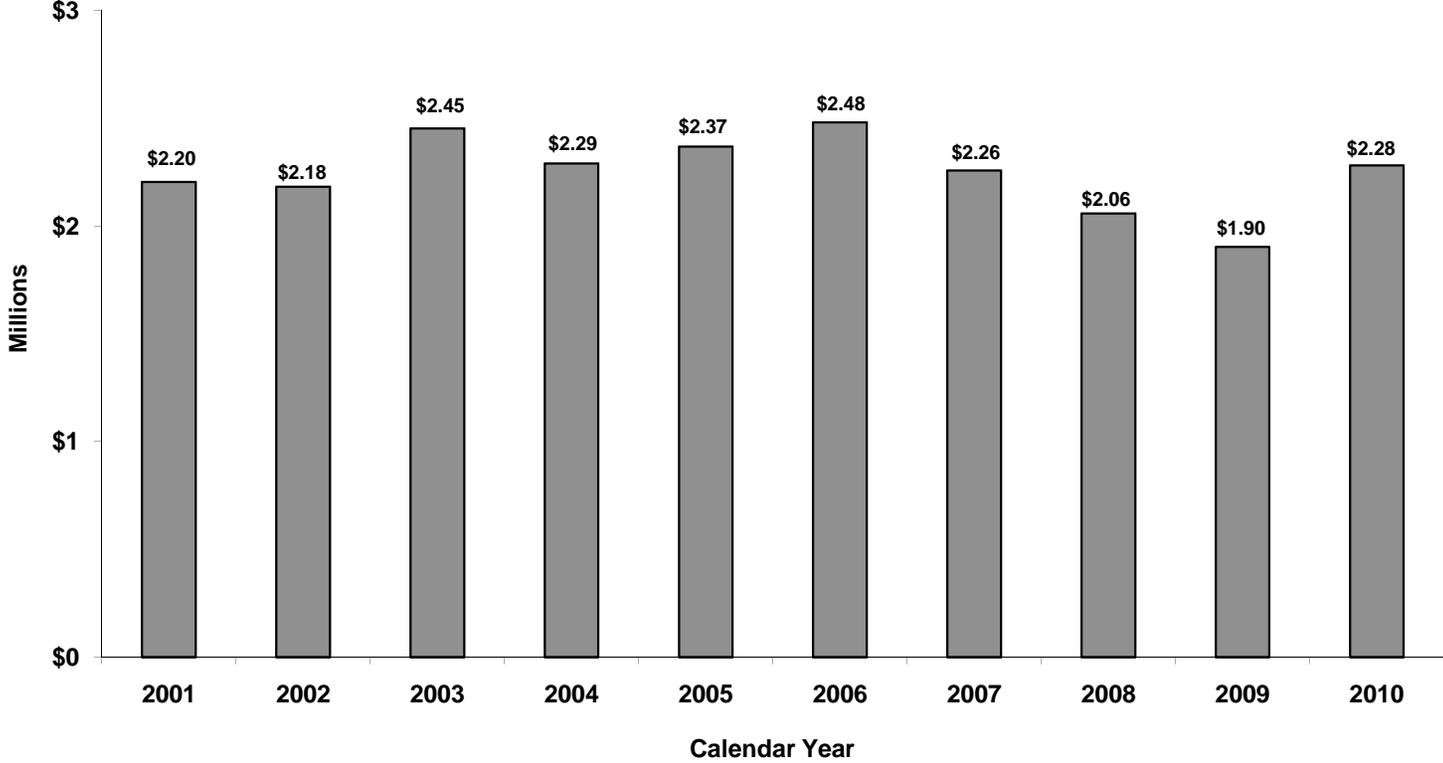
### ICF-MR Facilities Capital Filed Expense (2001 - 2010)



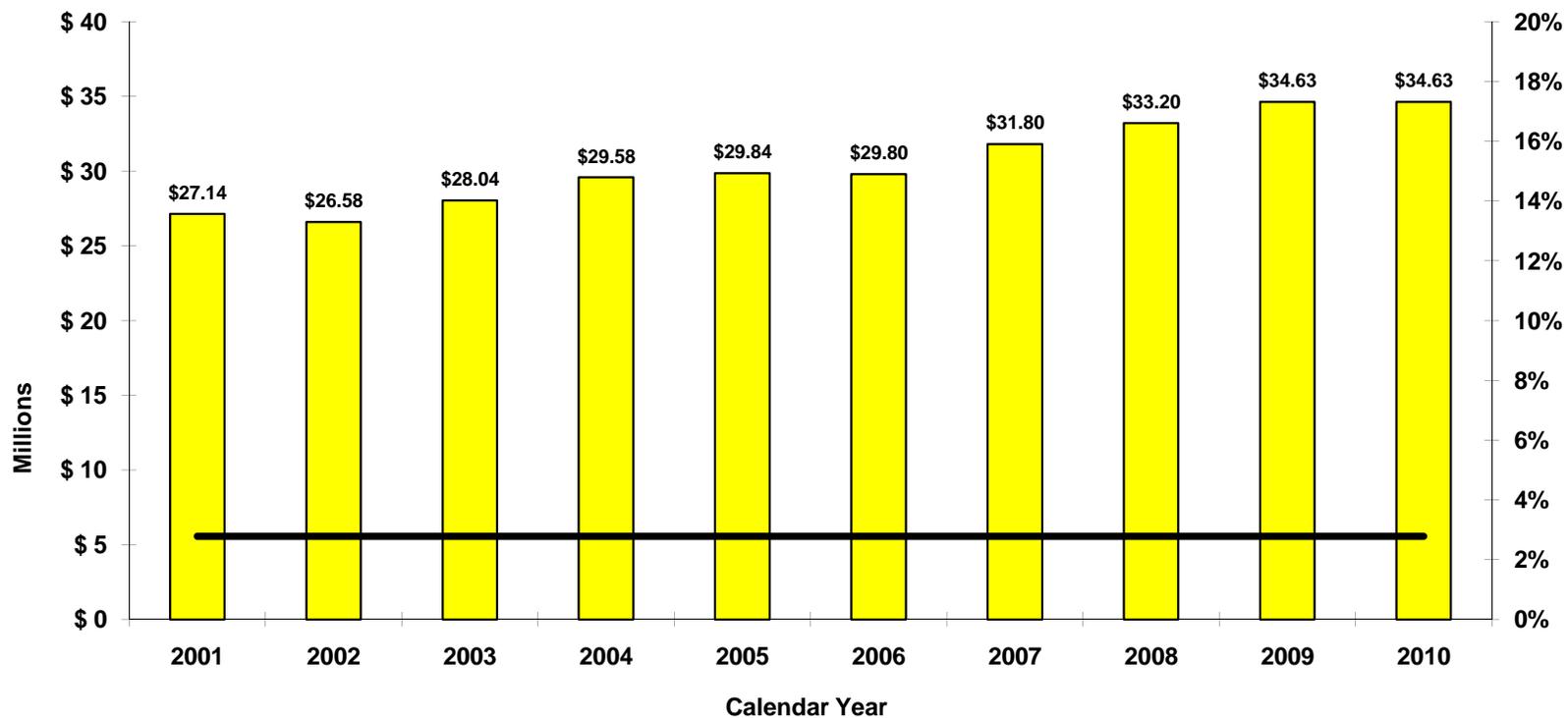
**ICF-MR Facilities  
Ownership Expense  
(2001 - 2010)**



**ICF-MR Facilities  
Renovation Expense  
(2001 - 2010)**

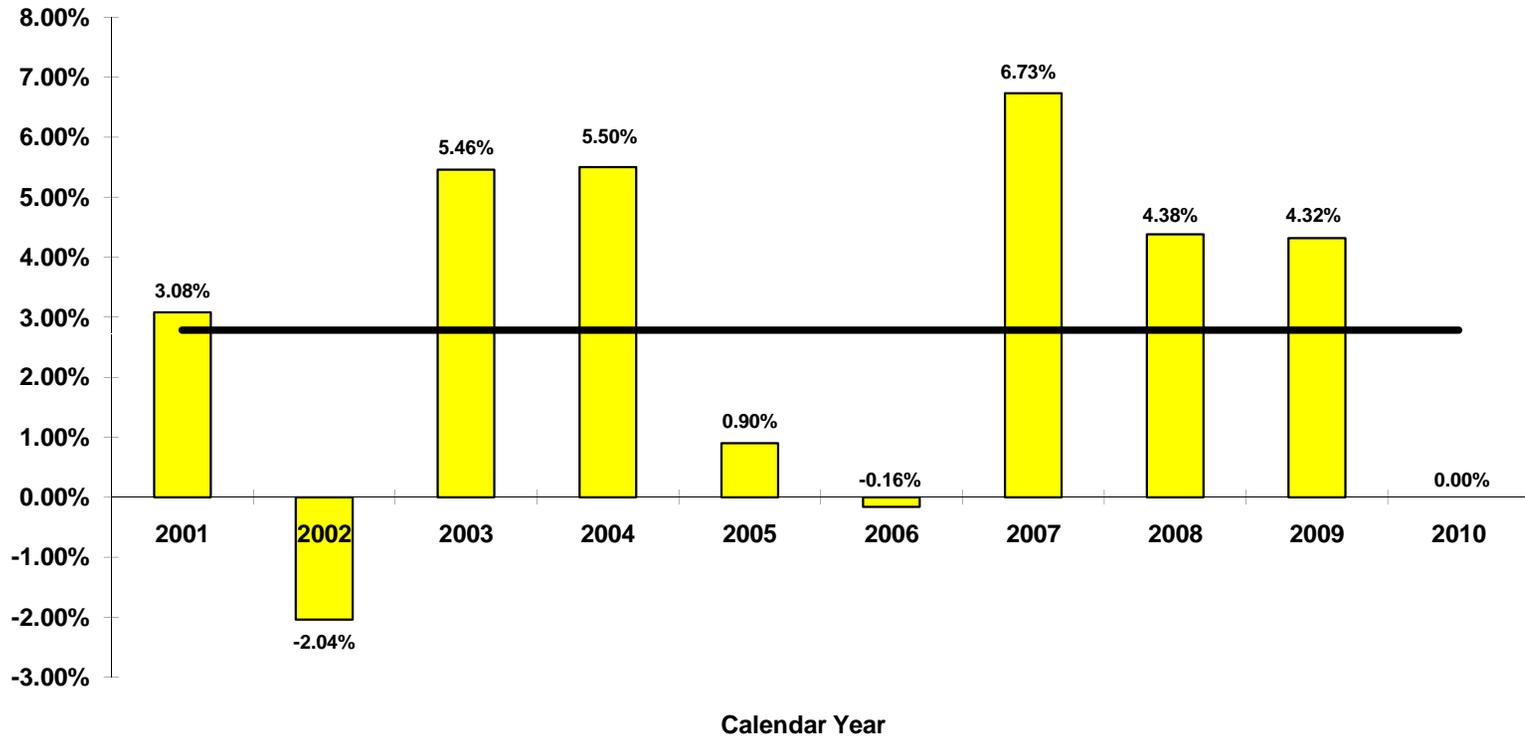


### ICF-MR Facilities Capital Expense (2001 - 2010)



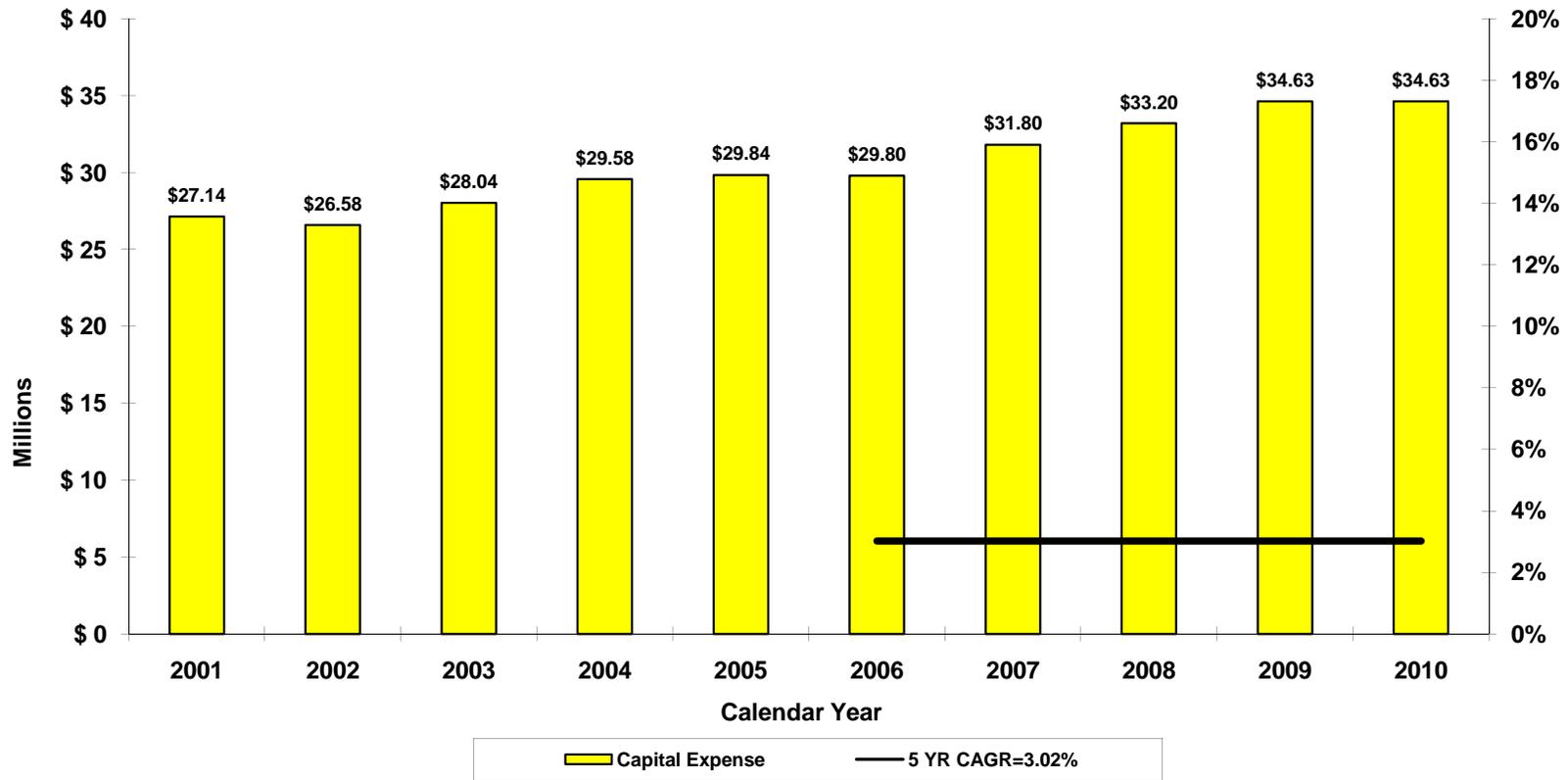
Capital Expense      10 YR CAGR=2.78%

### ICF-MR Facilities Capital Expense (2001 - 2010)

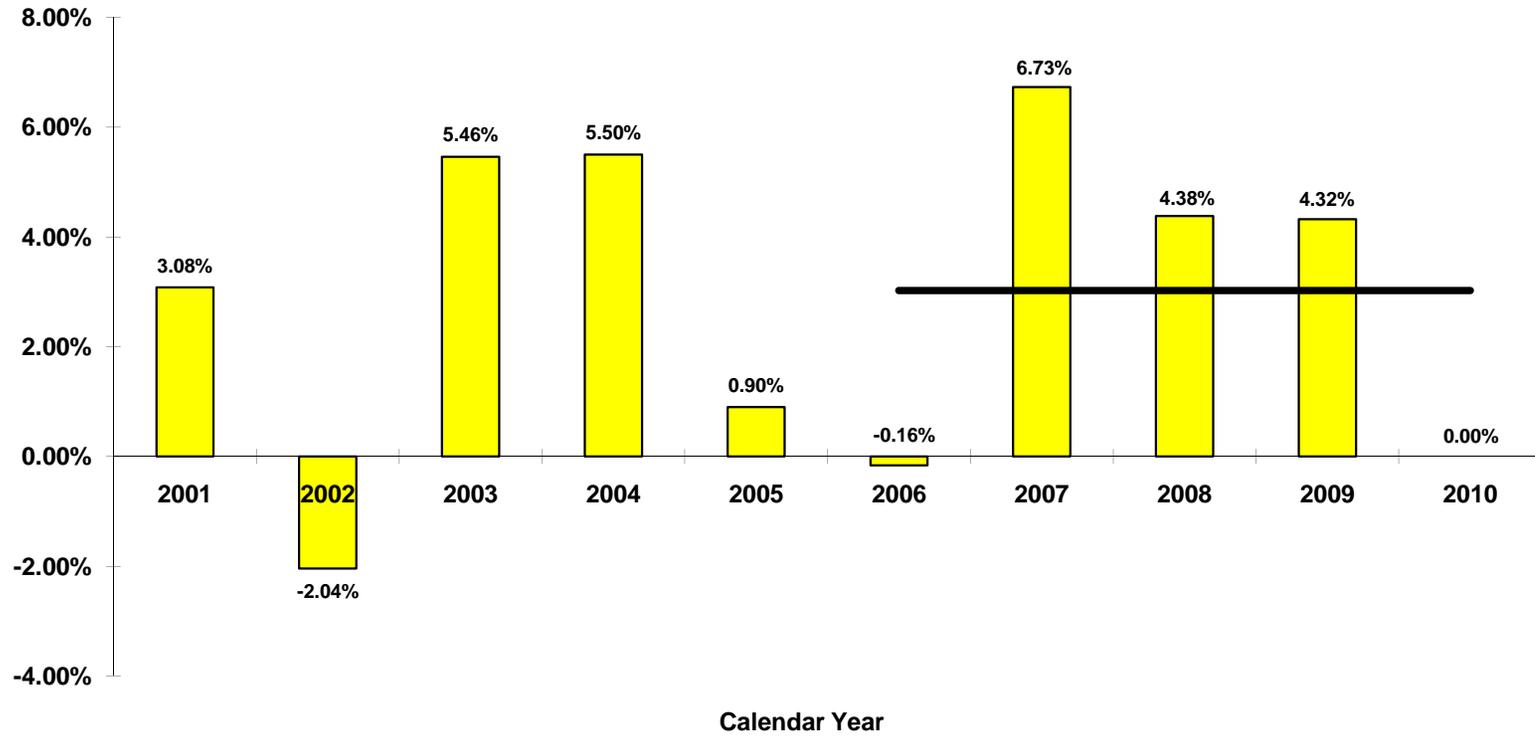


■ Percent Change: Capital Expense    — 10 YR CAGR=2.78%

### ICF-MR Facilities Capital Expense (2001 - 2010)



### ICF-MR Facilities Capital Expense (2001 - 2010)



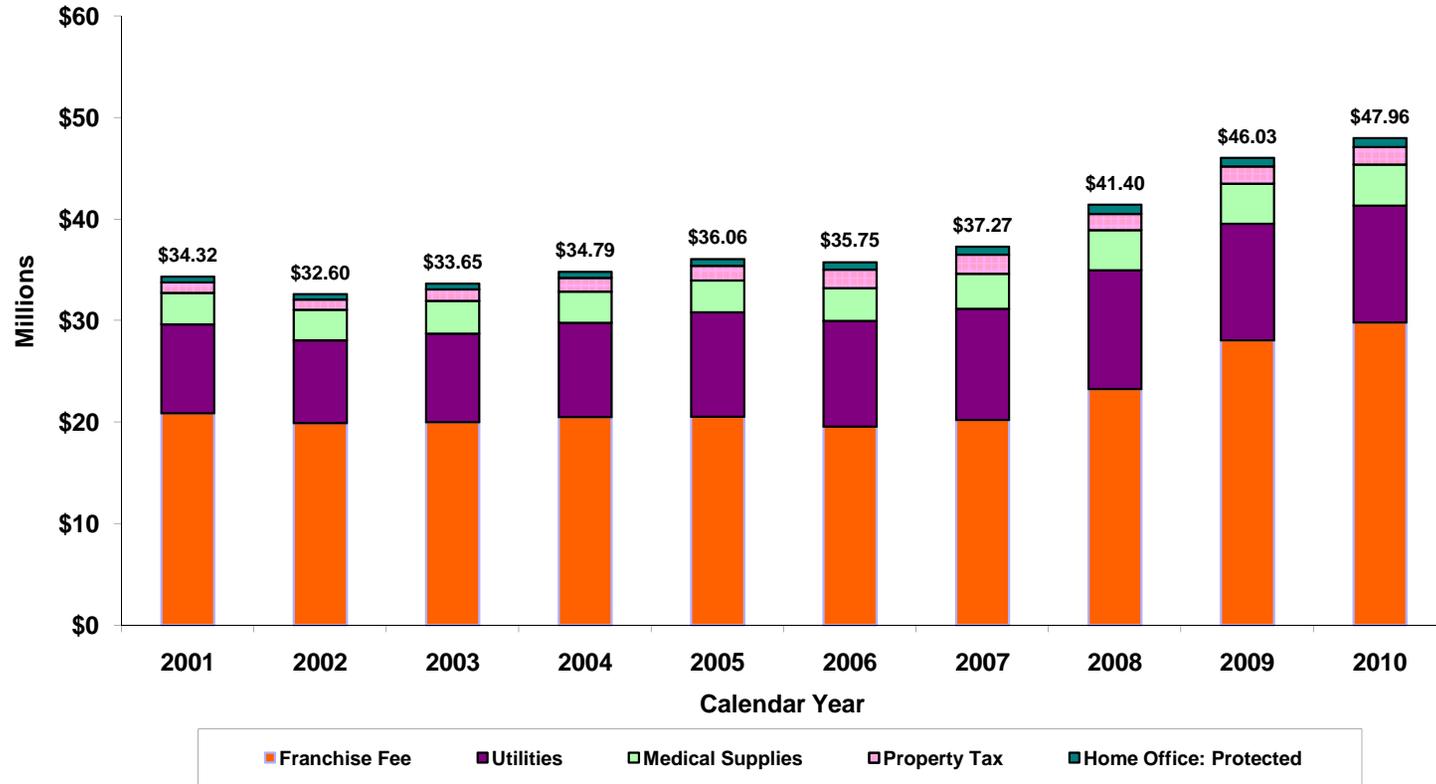
■ Percent Change: Capital Expense    — 5 YR CAGR=3.02%

# Protected Cost Center

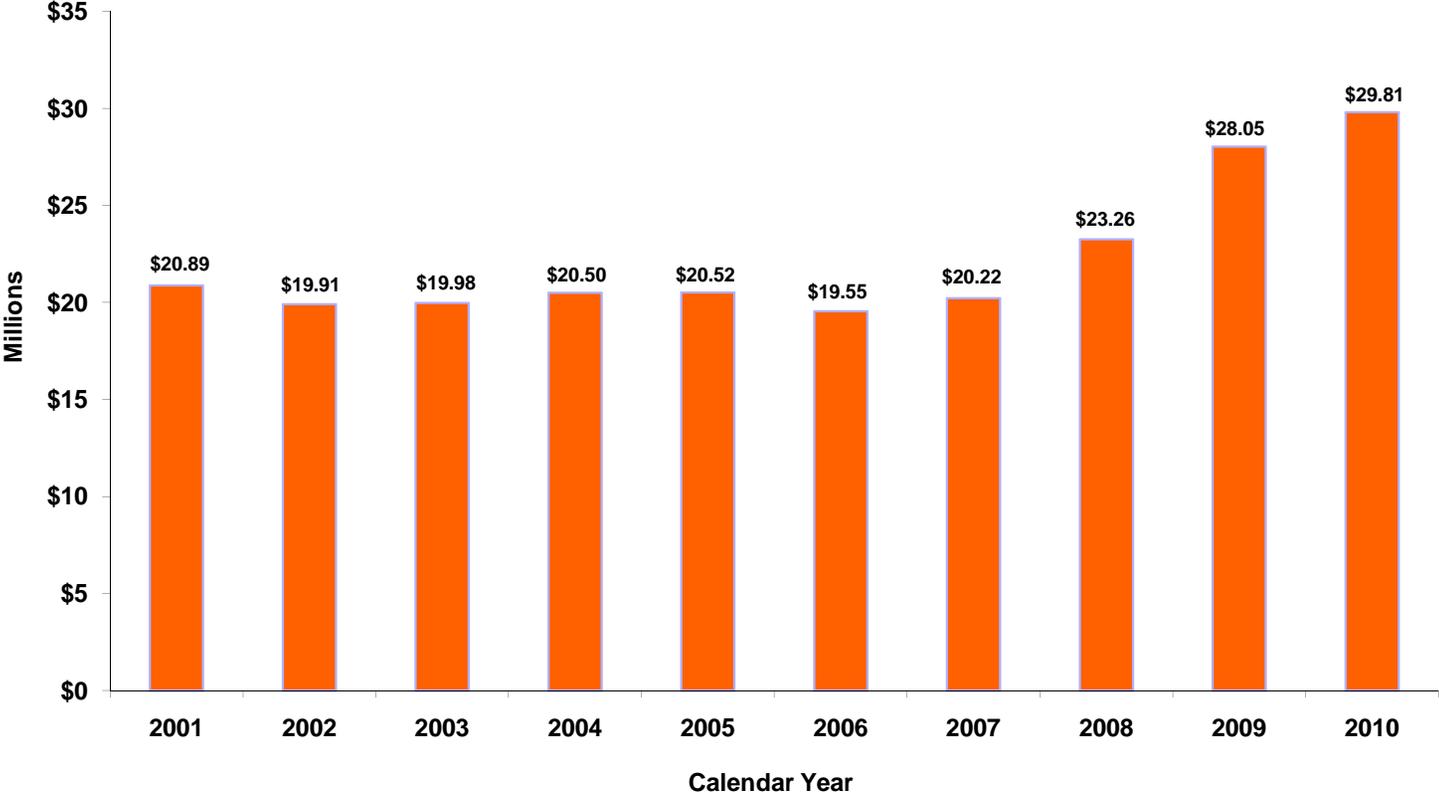
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- ▶ **Franchise Fees**
- ▶ **Utilities**
- ▶ **MedicalSupplies**
- ▶ **Property Taxes**
- ▶ **Home Office - Protected**

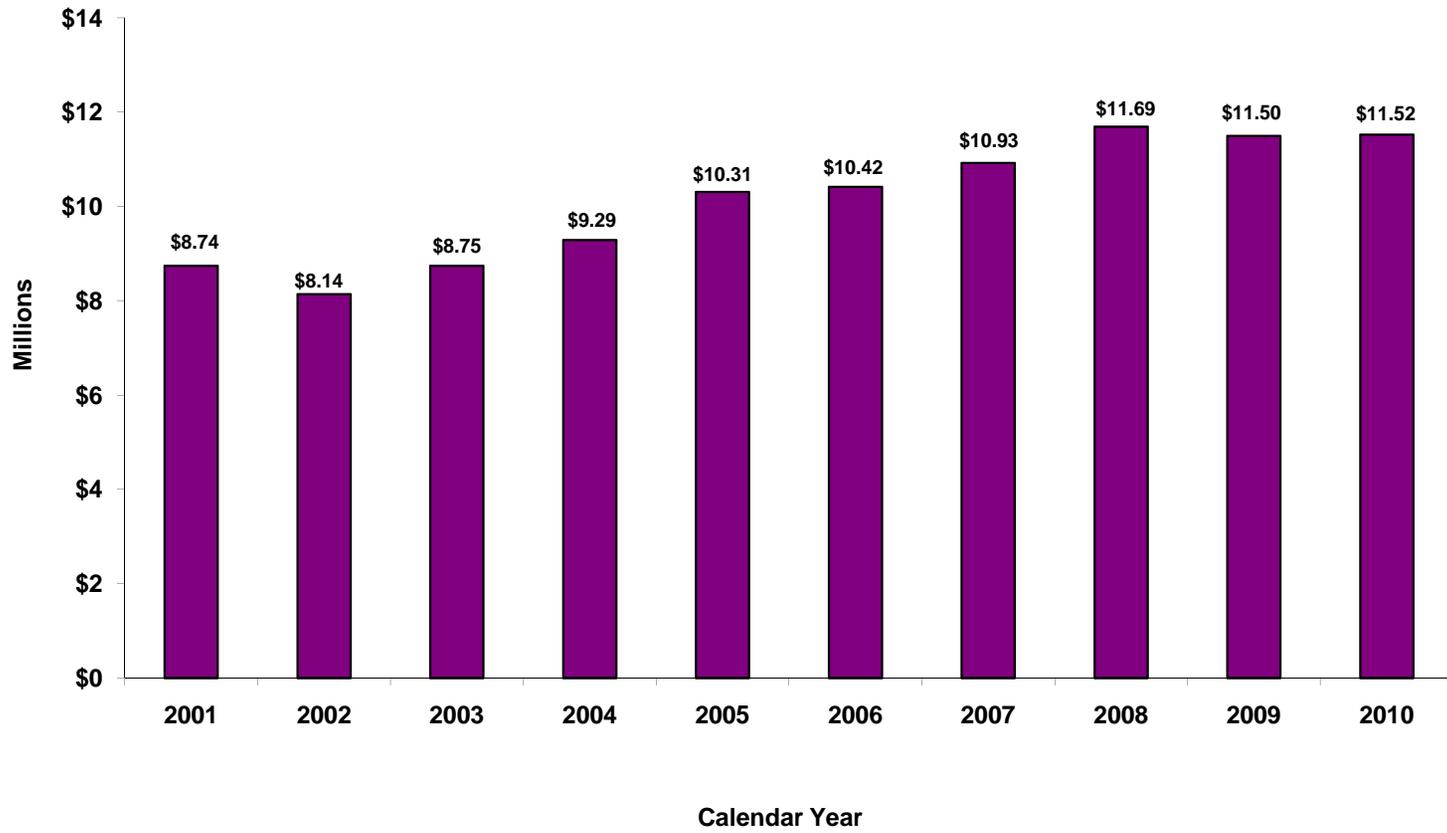
### ICF-MR Facilities Protected Filed Expense (2001 - 2010)



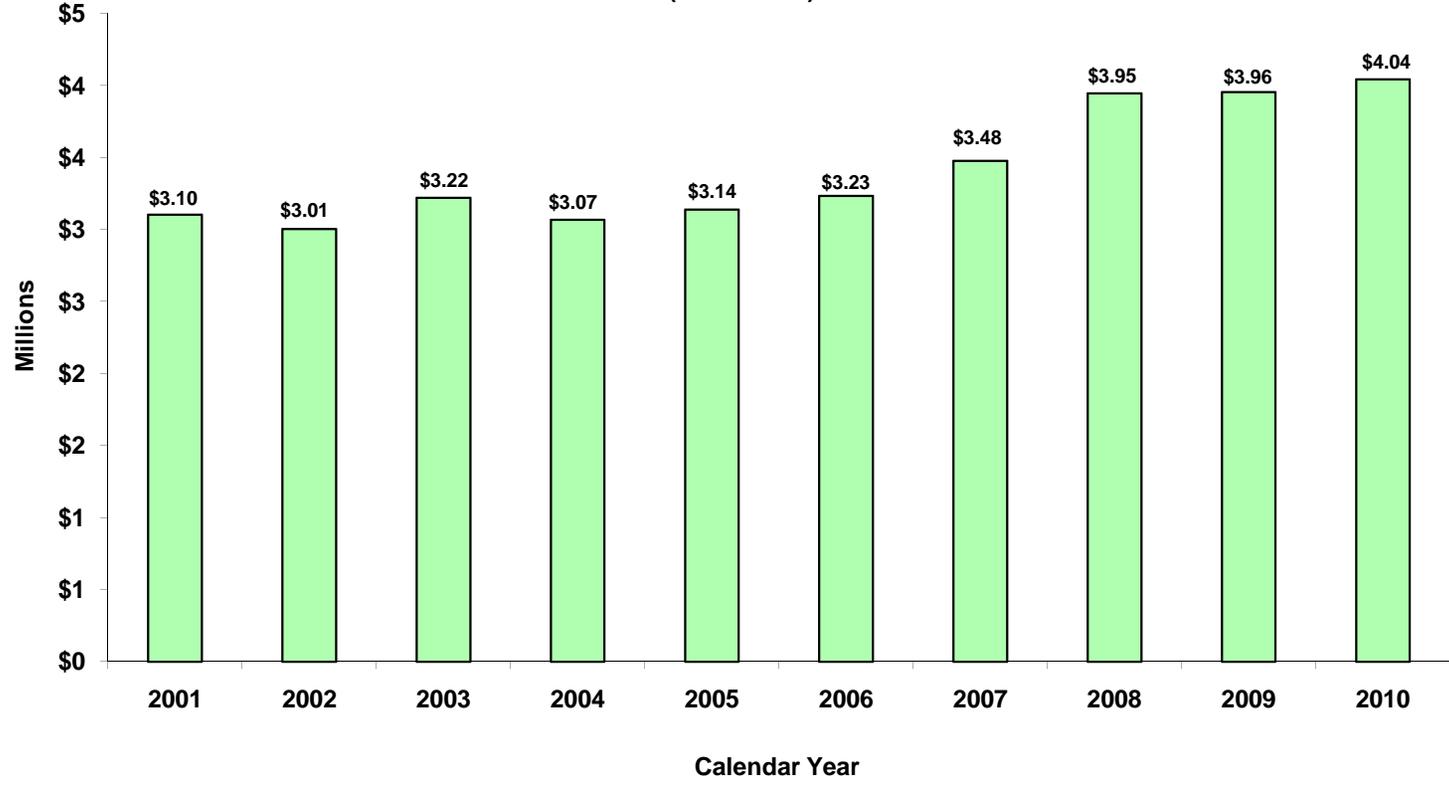
**ICF-MR Facilities  
Franchise Fee Expense  
(2001 - 2010)**



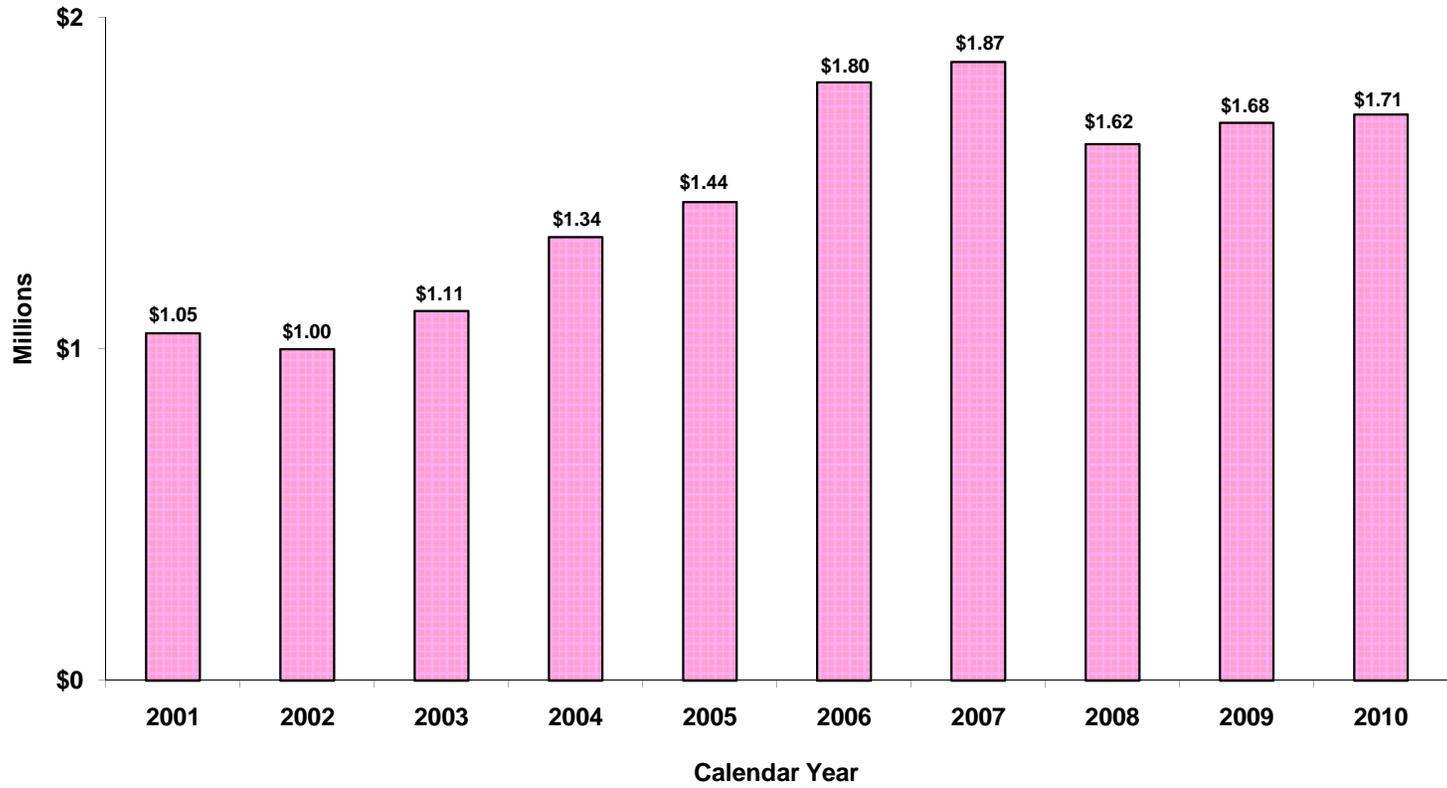
**ICF-MR Facilities  
Utilities Expense  
(2001 - 2010)**



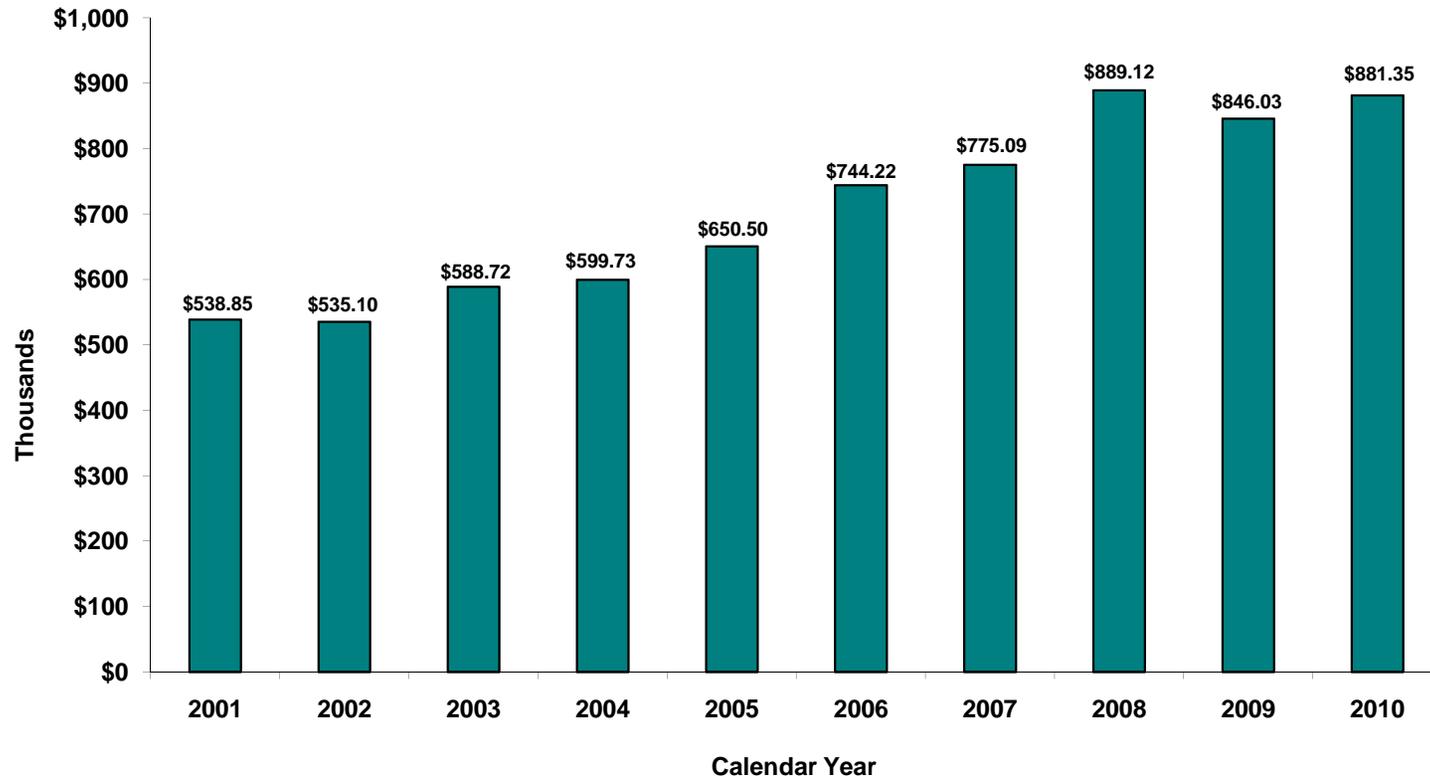
**ICF-MR Facilities  
Medical Supplies Expense  
(2001 - 2010)**



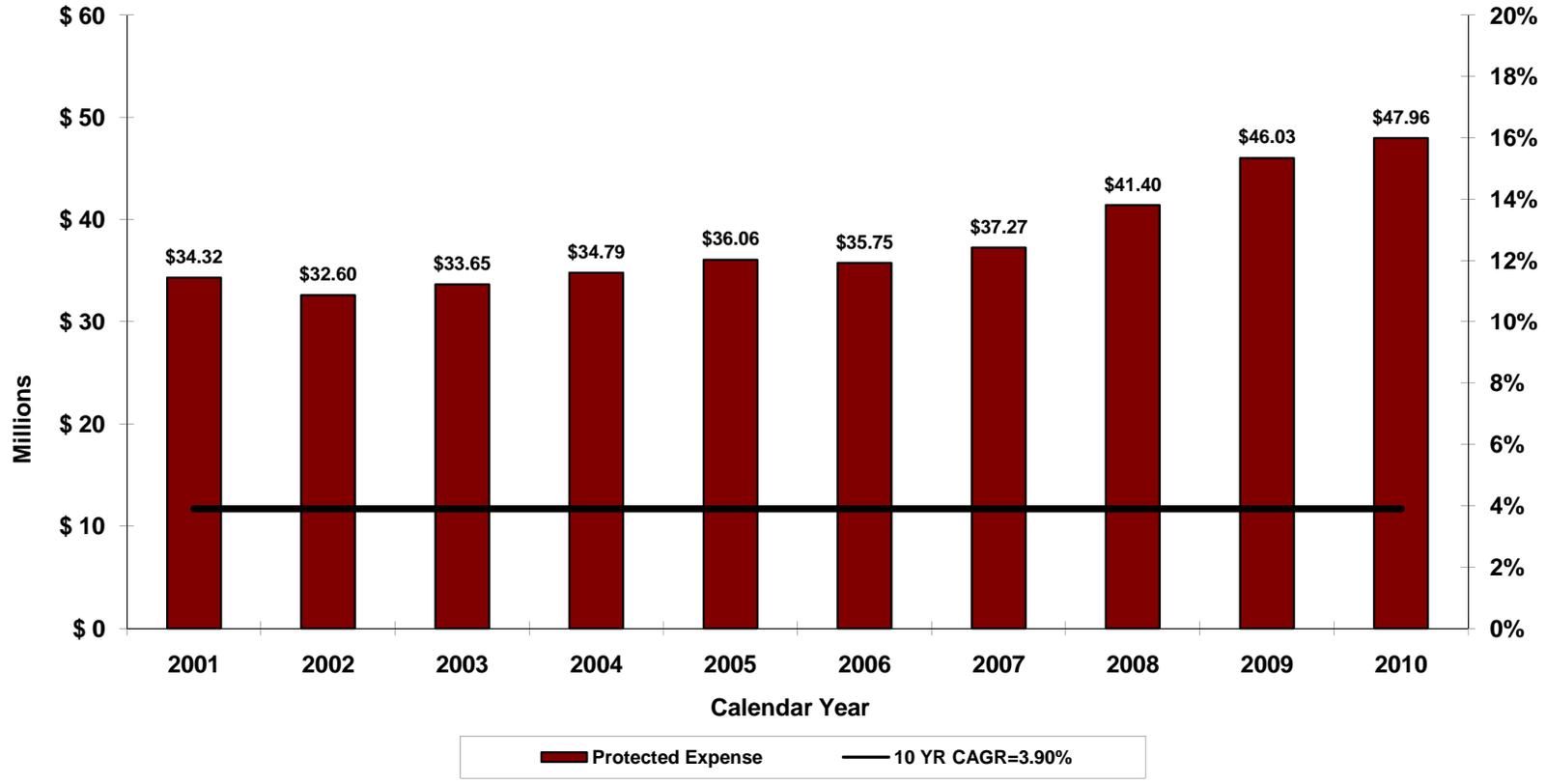
**ICF-MR Facilities  
Property Tax Expense  
(2001 - 2010)**



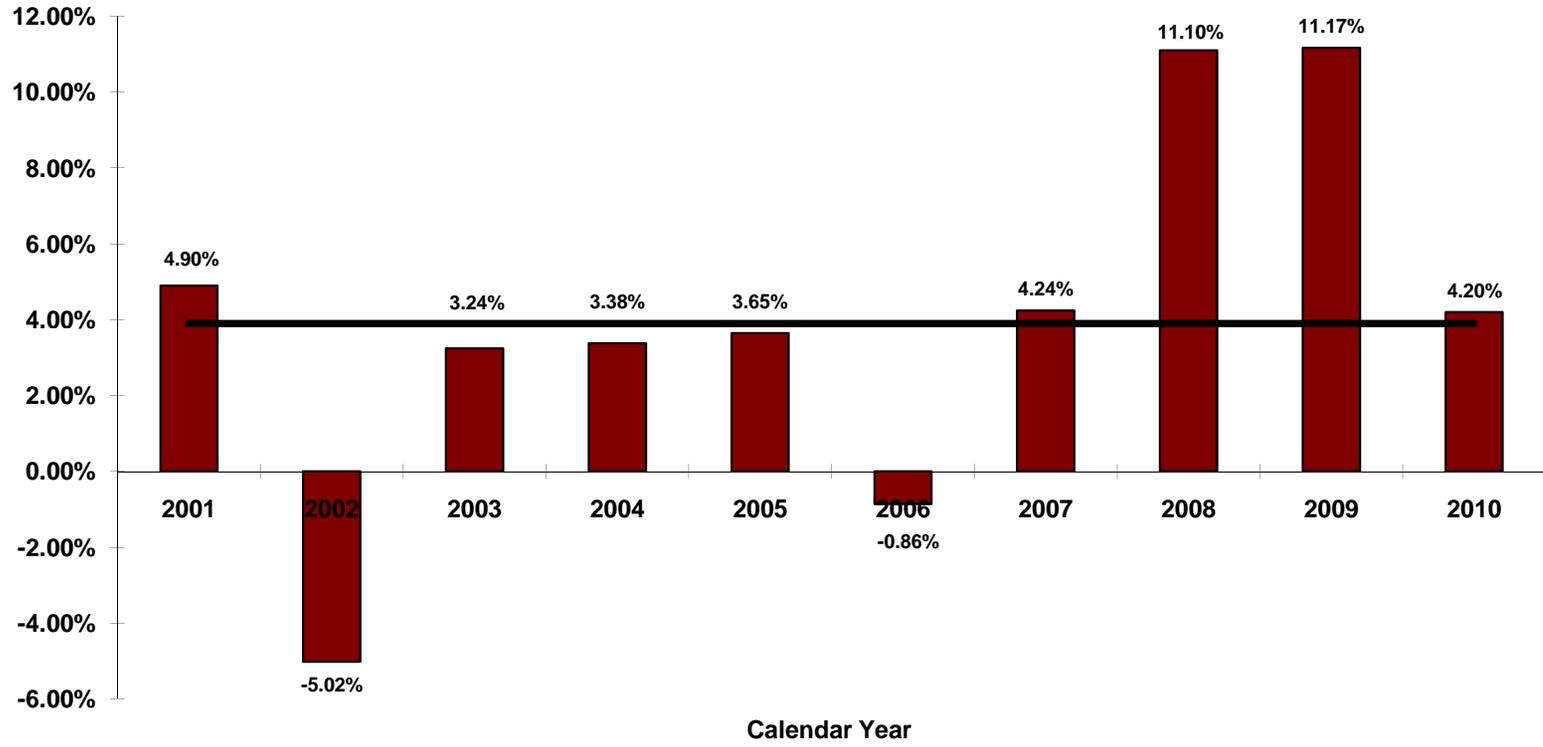
**ICF-MR Facilities**  
**Home Office: Protected Expense**  
**(2001 - 2010)**



### ICF-MR Facilities Protected Expense (2001 - 2010)

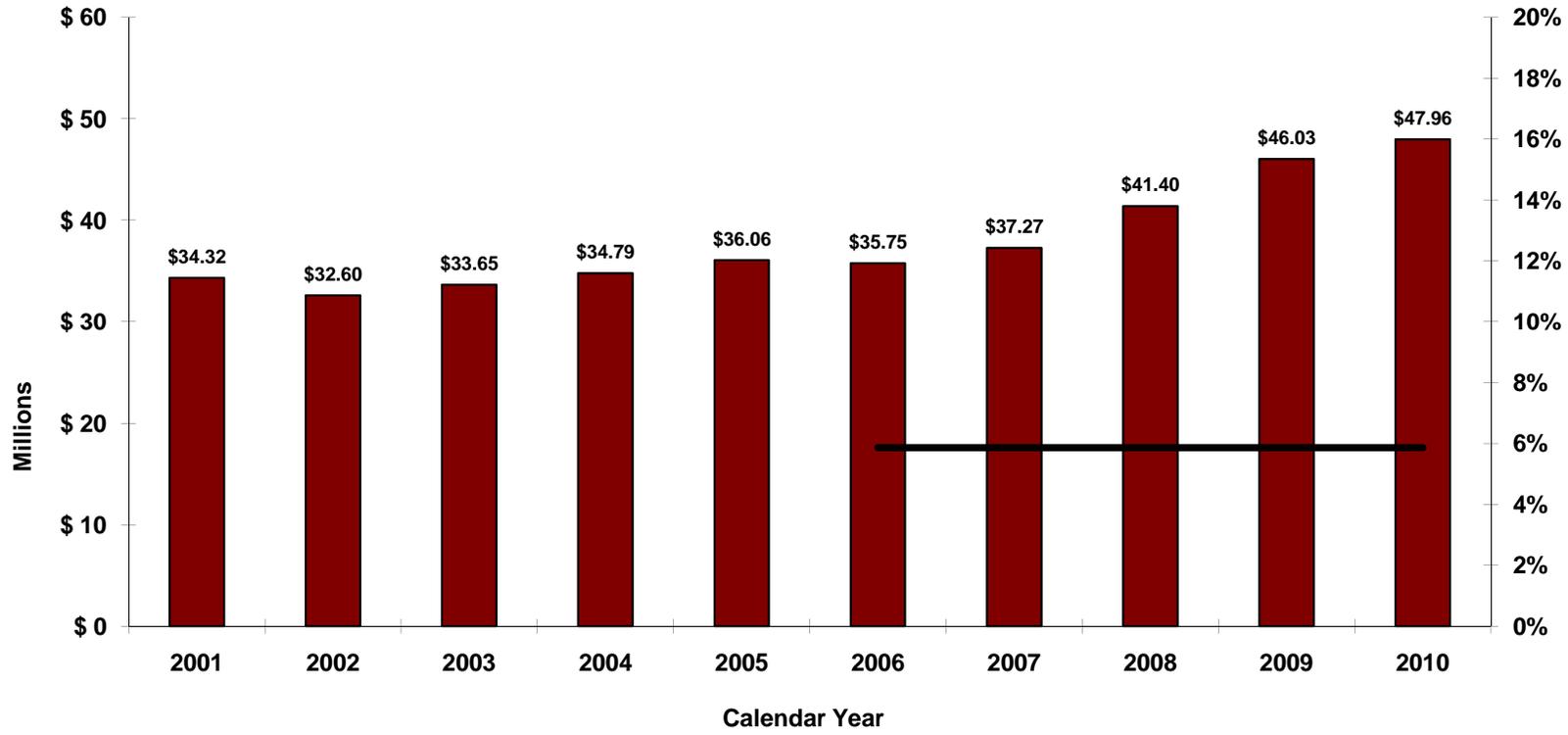


### ICF-MR Facilities Protected Expense (2001 - 2010)



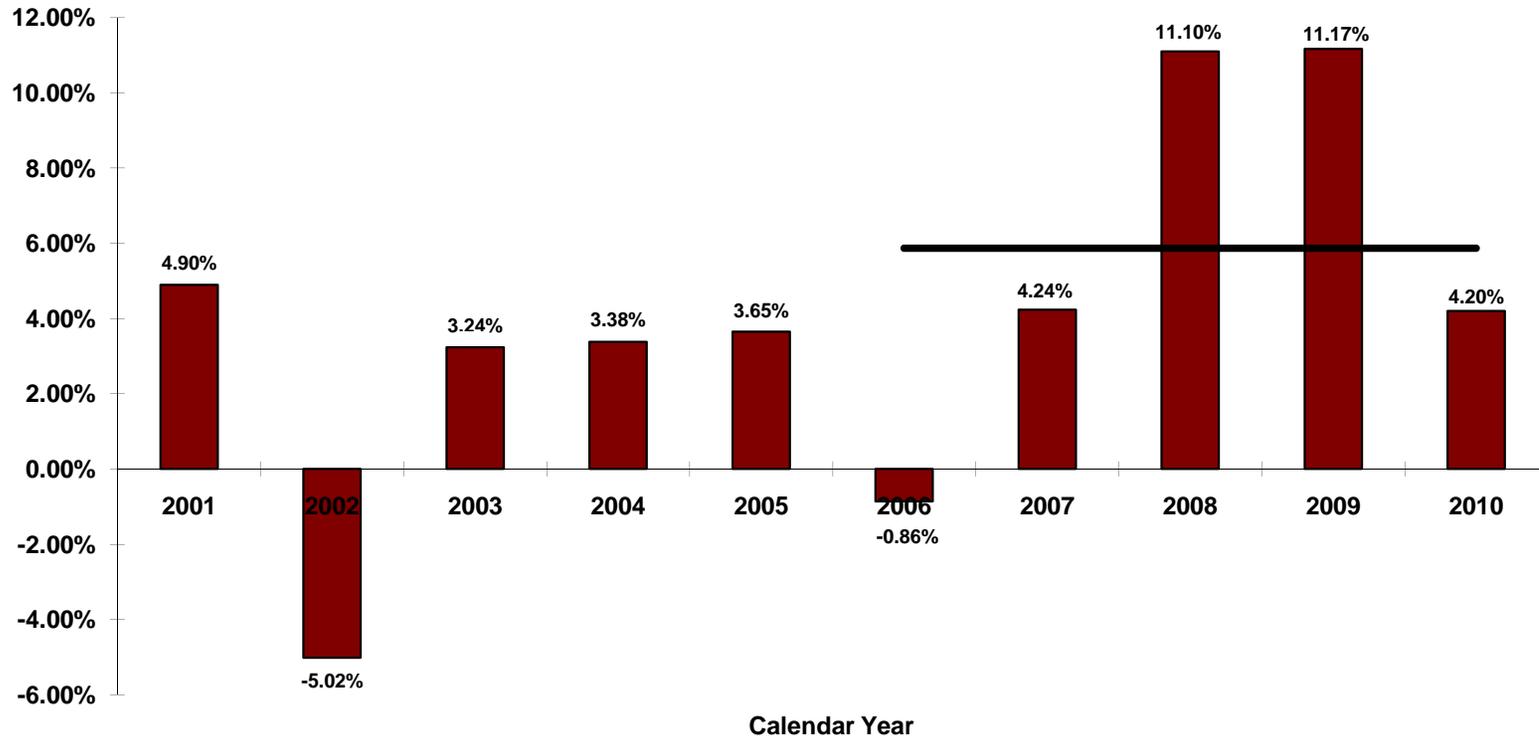
■ Percent Change: Protected Expense    — 10 YR CAGR=3.90%

### ICF-MR Facilities Protected Expense (2001 - 2010)



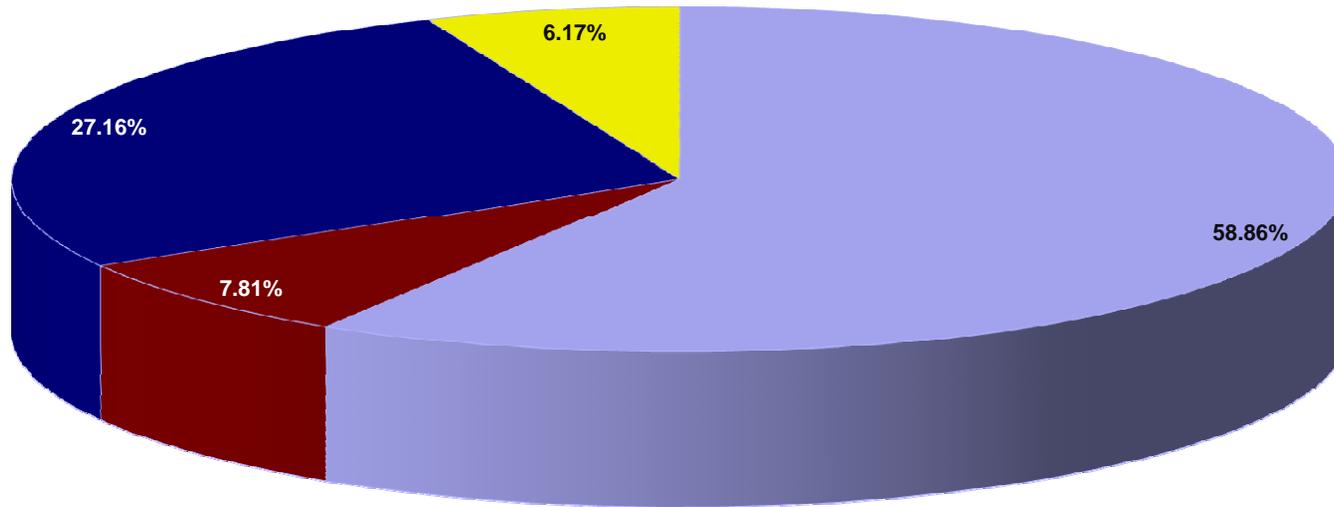
■ Protected Expense      — 5 YR CAGR=5.87%

**ICF-MR Facilities  
Protected Expense  
(2001 - 2010)**



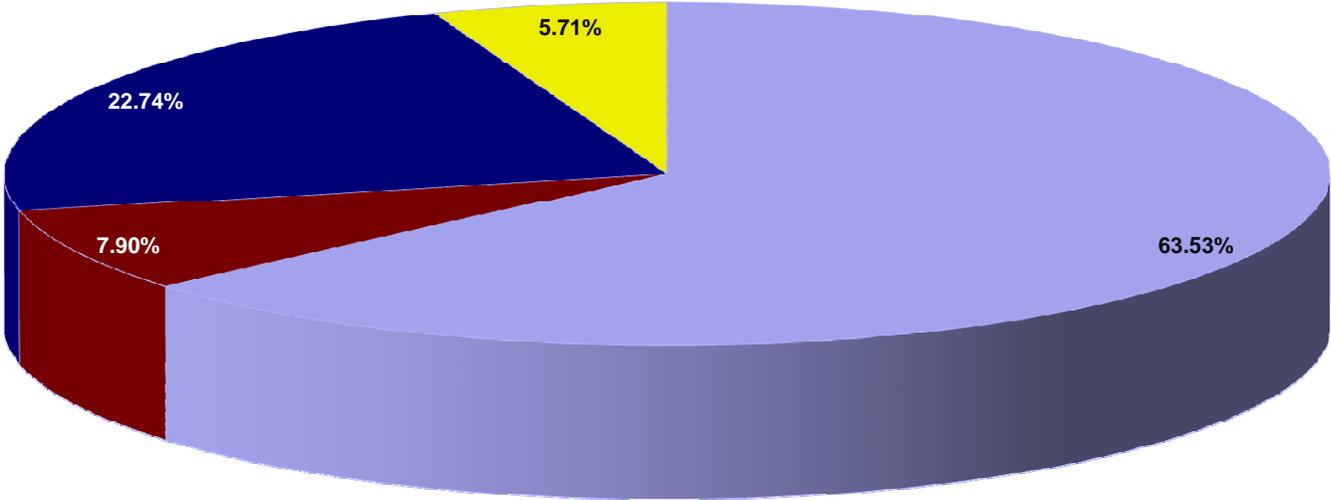
■ Percent Change: Protected Expense    — 5 YR CAGR=5.87%

**ICF-MR Facilities**  
**Percentage of Total Filed Expense**  
(Cost Centers: 2001)



■ Direct Care Expense   ■ Protected Expense   ■ Indirect Care Expense   ■ Capital Expense

**ICF-MR Facilities**  
**Percentage of Total Filed Expense**  
(Cost Centers: 2010)



■ Direct Care Expense   ■ Protected Expense   ■ Indirect Care Expense   ■ Capital Expense

# Per Diem Trends

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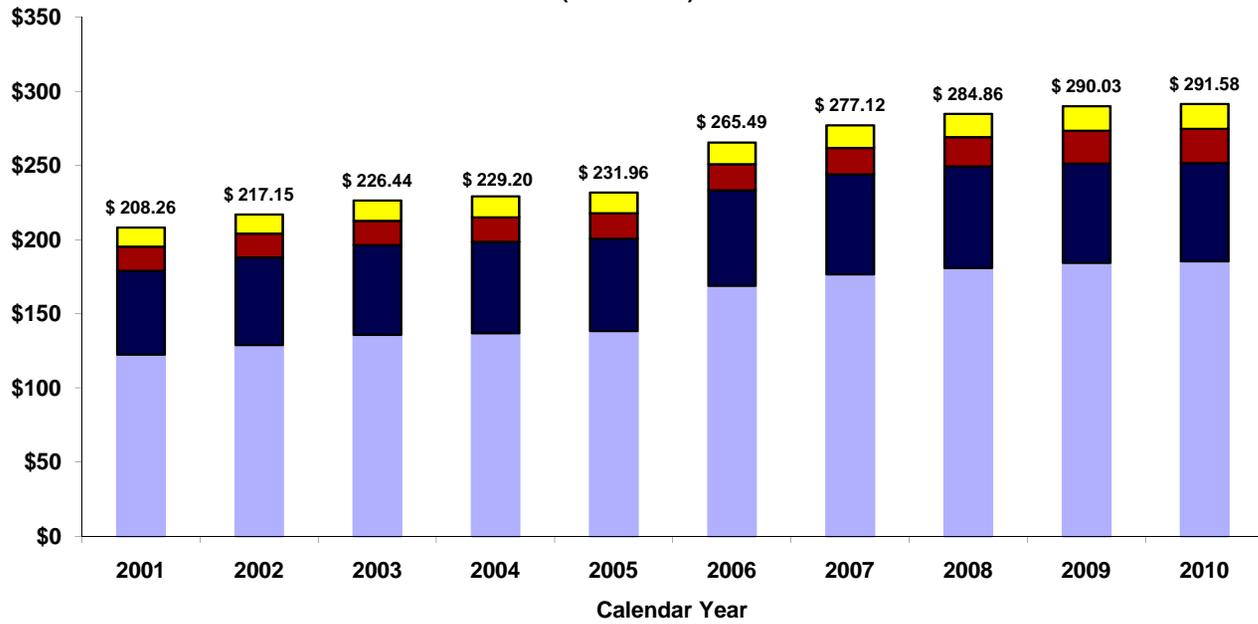
- ▶ **Total Per Diem**
- ▶ **Direct Care Cost Center \***

\* Note: As of Calendar Year 2006, the Active Treatment add-on expense is now part of the Direct Care Cost Center

- ▶ **Indirect Care Cost Center**
- ▶ **Capital Cost Center**
- ▶ **Protected Cost Center**

**All per diems are expenses divided by inpatient days**

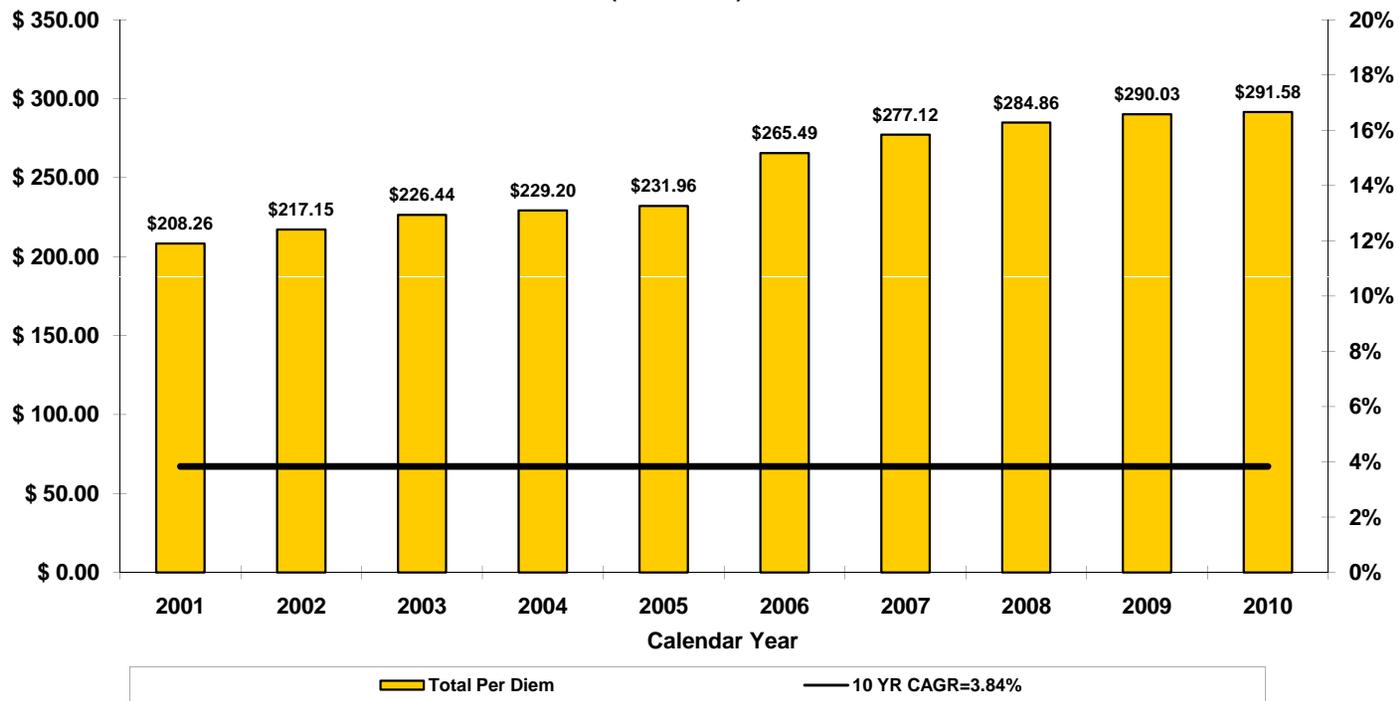
**ICF-MR Facilities  
Total Expense Per Diem  
(2001 - 2010)**



Direct
  Indirect
  Protected
  Capital

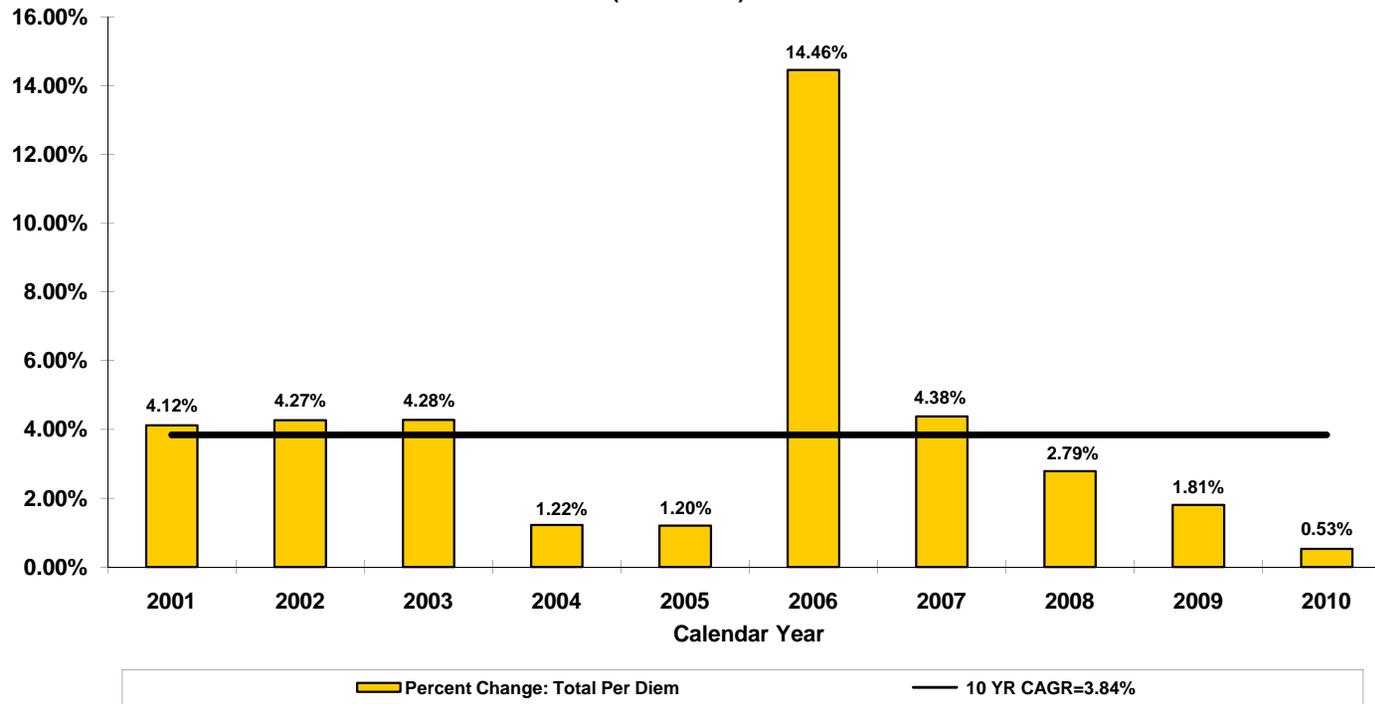
Note: As of Calendar Year 2006, the Active Treatment add-on expense is now part of the Direct Care Cost Center.

### ICF-MR Facilities Total Expense Per Diem (2001 - 2010)



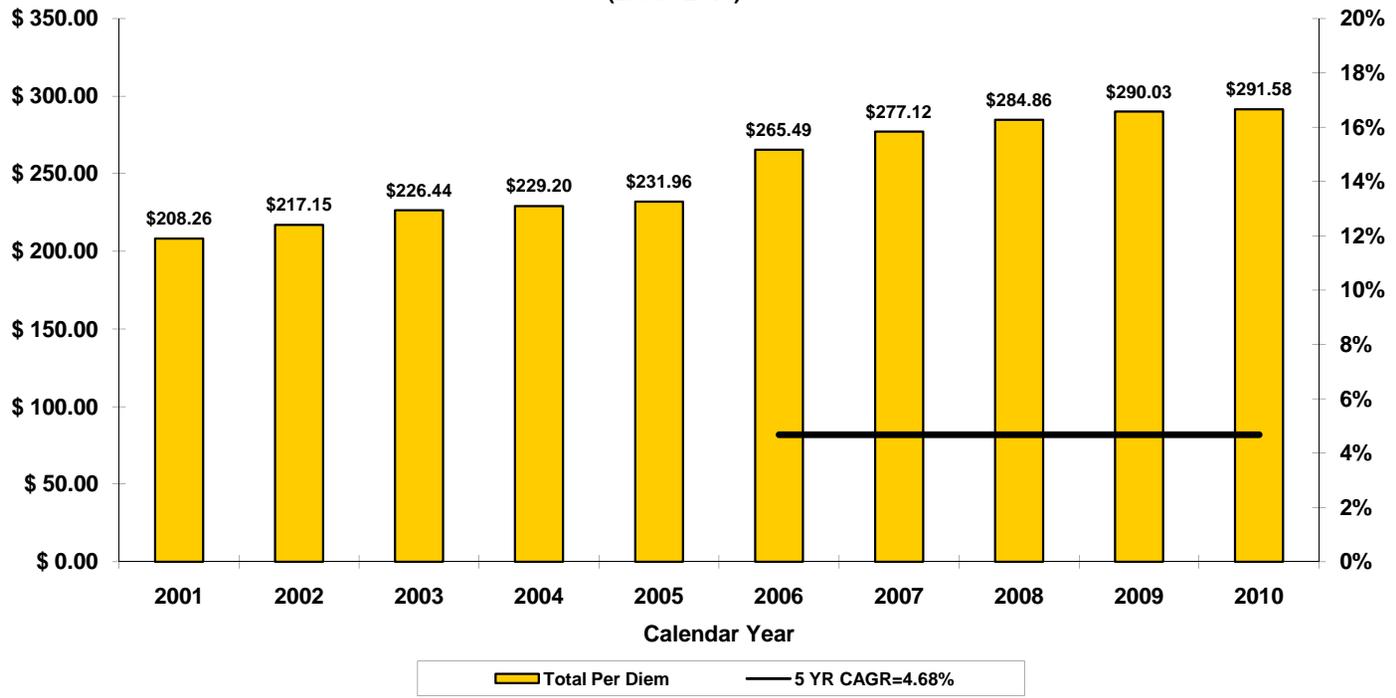
Note: As of Calendar Year 2006, the Active Treatment add-on expense is now part of the Direct Care Cost Center

**ICF-MR Facilities**  
**Total Expense Per Diem**  
**(2001 - 2010)**



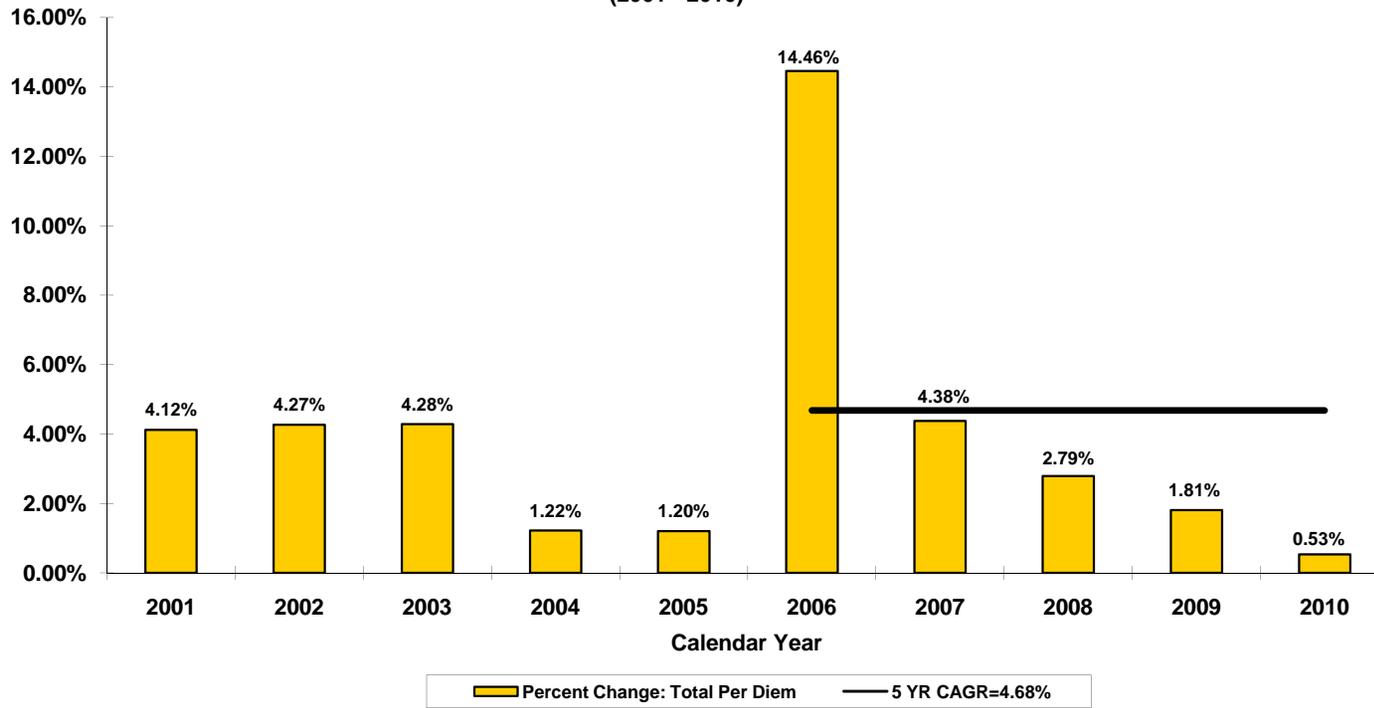
Note: As of Calendar Year 2006, the Active Treatment add-on expense is now part of the Direct Care Cost Center.

### ICF-MR Facilities Total Expense Per Diem (2001 - 2010)



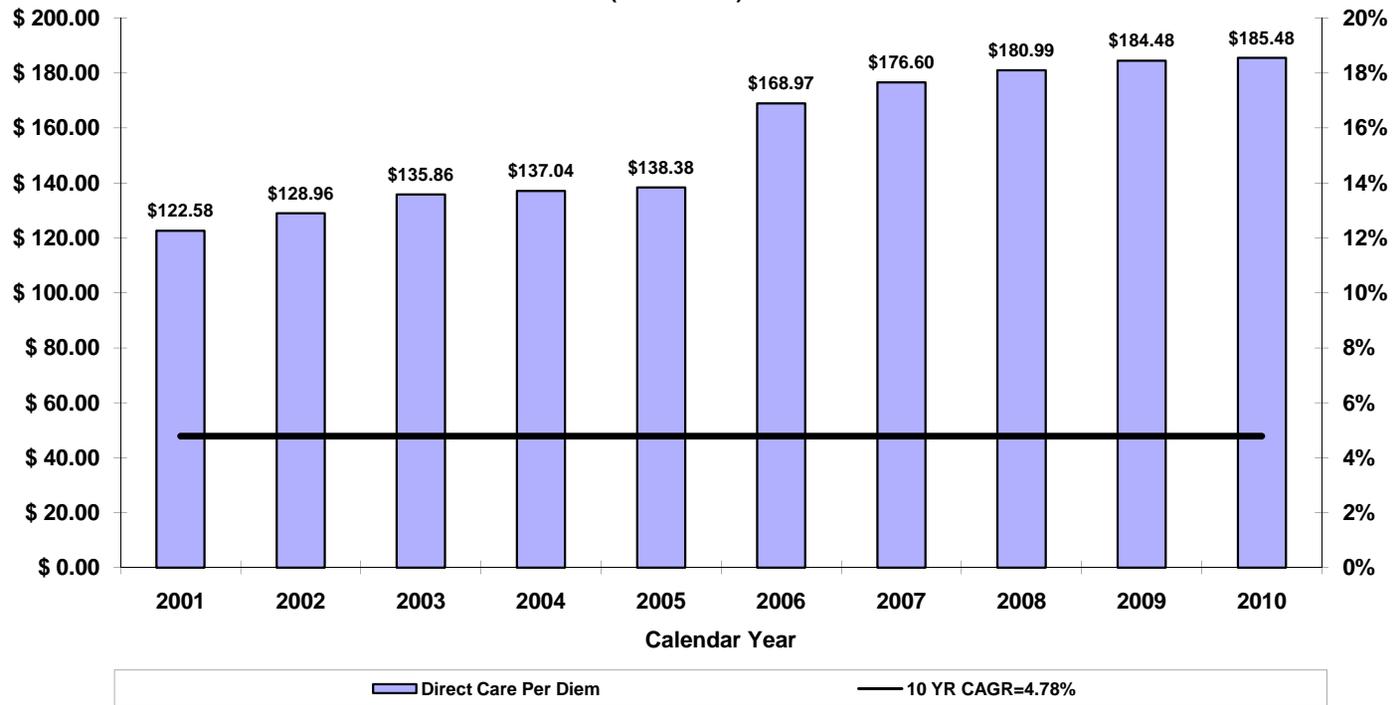
Note: As of Calendar Year 2006, the Active Treatment add-on expense is now part of the Direct Care Cost Center

**ICF-MR Facilities  
Total Expense Per Diem  
(2001 - 2010)**



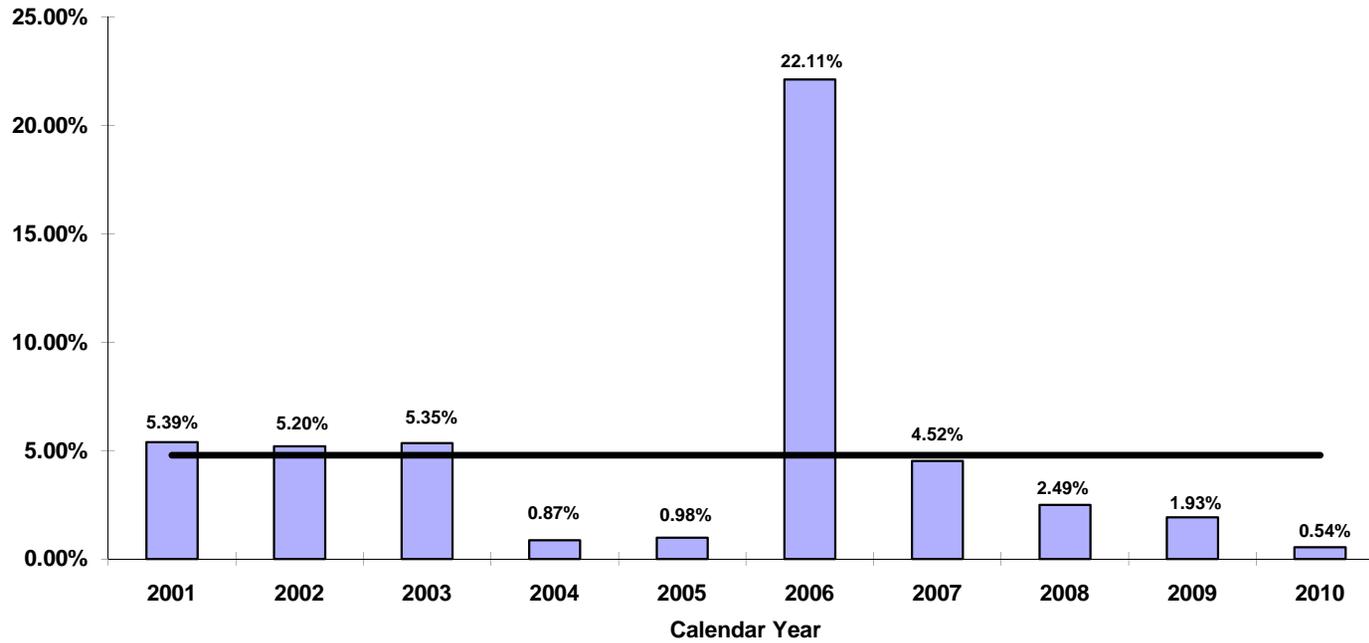
Note: As of Calendar Year 2006, the Active Treatment add-on expense is now part of the Direct Care Cost Center

**ICF-MR Facilities**  
**Direct Care Expense Per Diem**  
(2001 - 2010)



Note: As of Calendar Year 2006, the Active Treatment add-on expense is now part of the Direct Care Cost Center

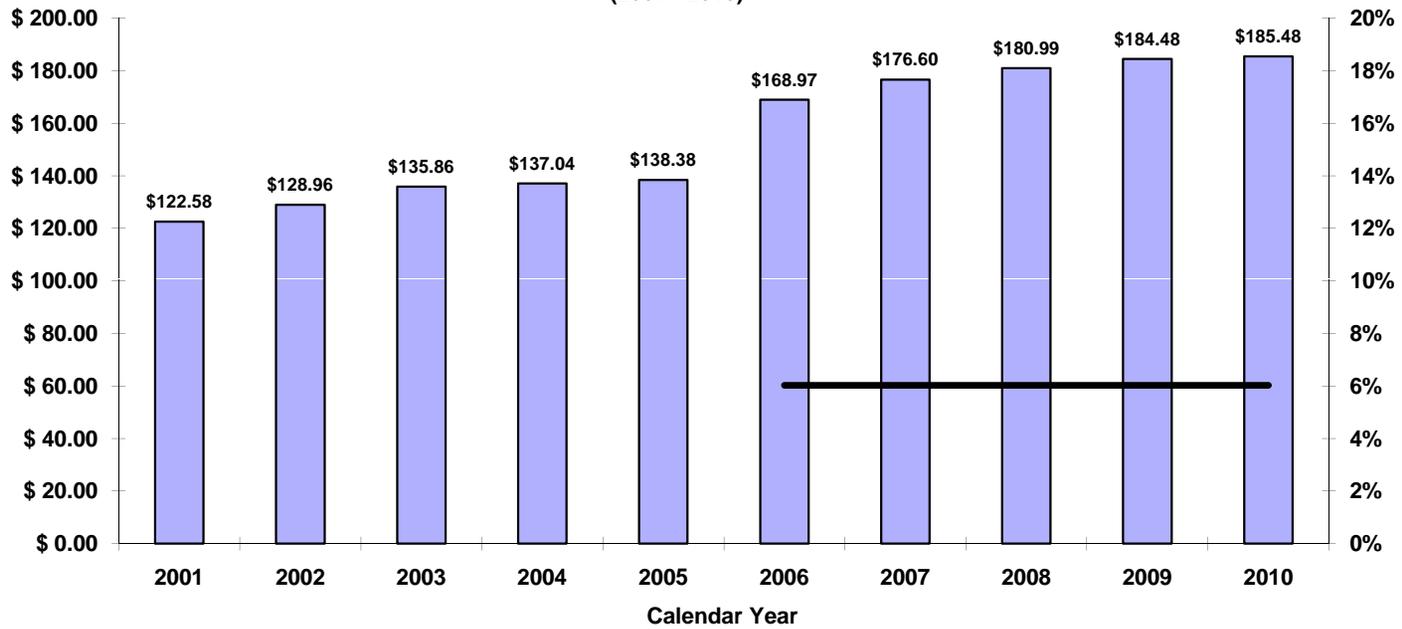
**ICF-MR Facilities**  
**Direct Care Expense Per Diem**  
**(2001 - 2010)**



■ Percent Change: Direct Care Per Diem      — 10 YR CAGR=4.78%

Note: As of Calendar Year 2006, the Active Treatment add-on expense is now part of the Direct Care Cost Center

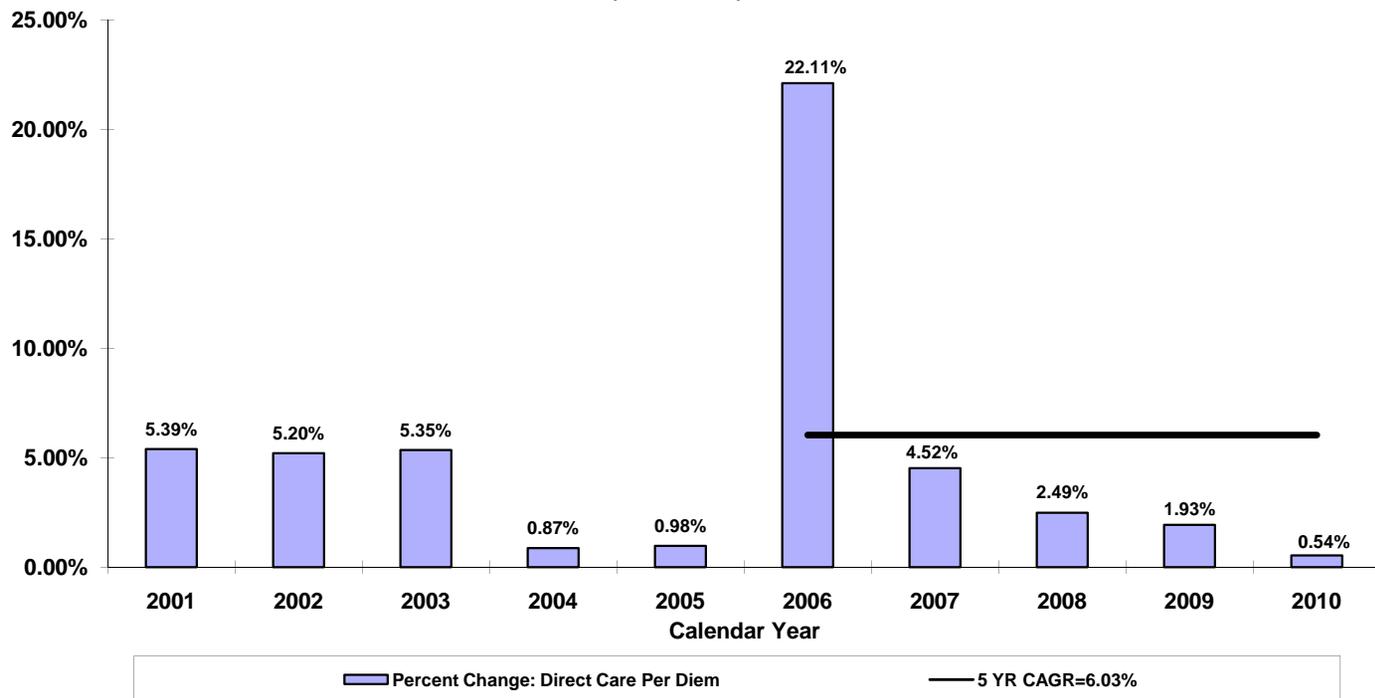
**ICF-MR Facilities**  
**Direct Care Expense Per Diem**  
(2001 - 2010)



Legend: Direct Care Per Diem (blue bar), 5 YR CAGR=6.03% (black line)

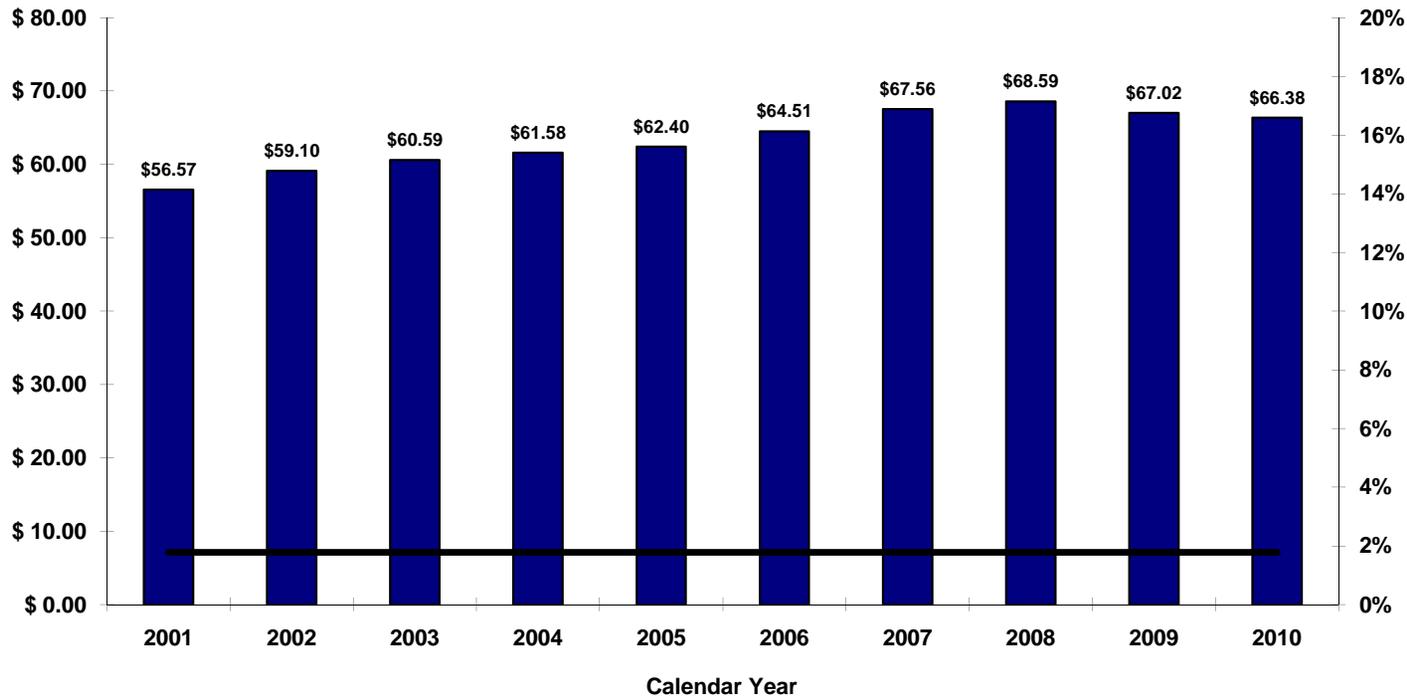
Note: As of Calendar Year 2006, the Active Treatment add-on expense is now part of the Direct Care Cost Center

**ICF-MR Facilities**  
**Direct Care Expense Per Diem**  
**(2001 - 2010)**



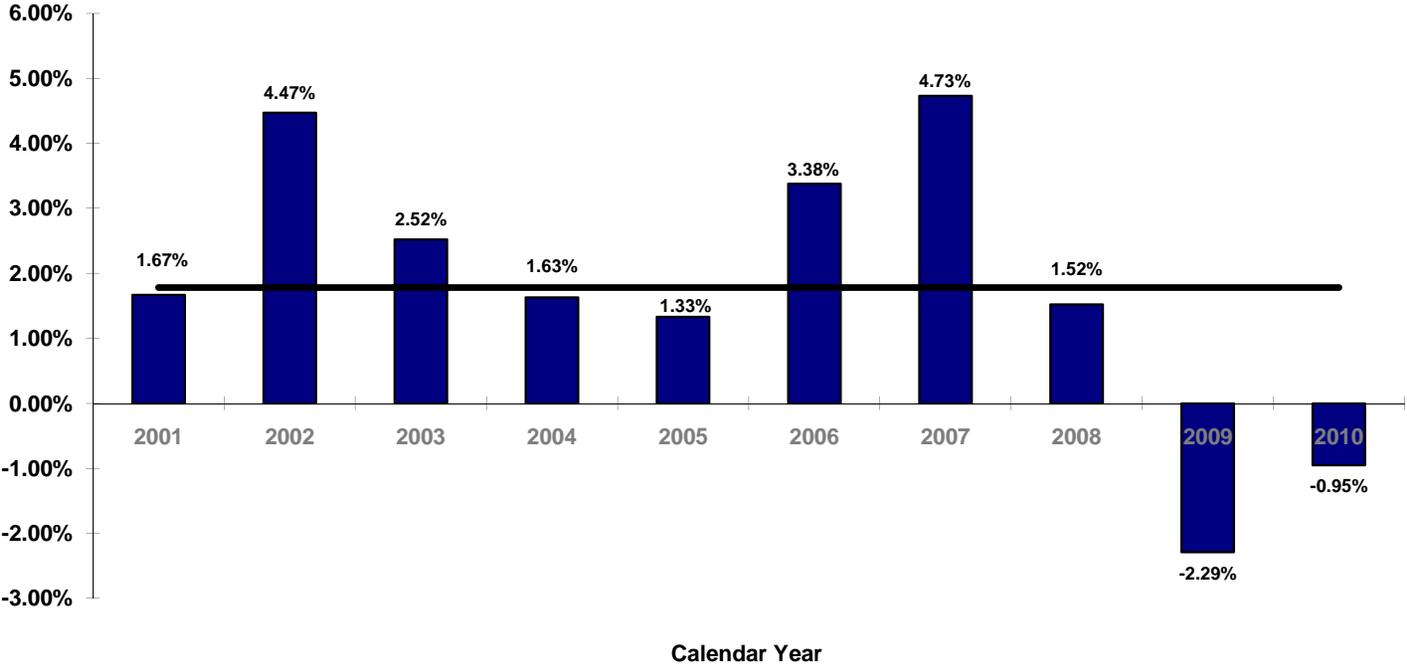
Note: As of Calendar Year 2006, the Active Treatment add-on expense is now part of the Direct Care Cost Center

**ICF-MR Facilities**  
**Indirect Care Expense Per Diem**  
**(2001 - 2010)**



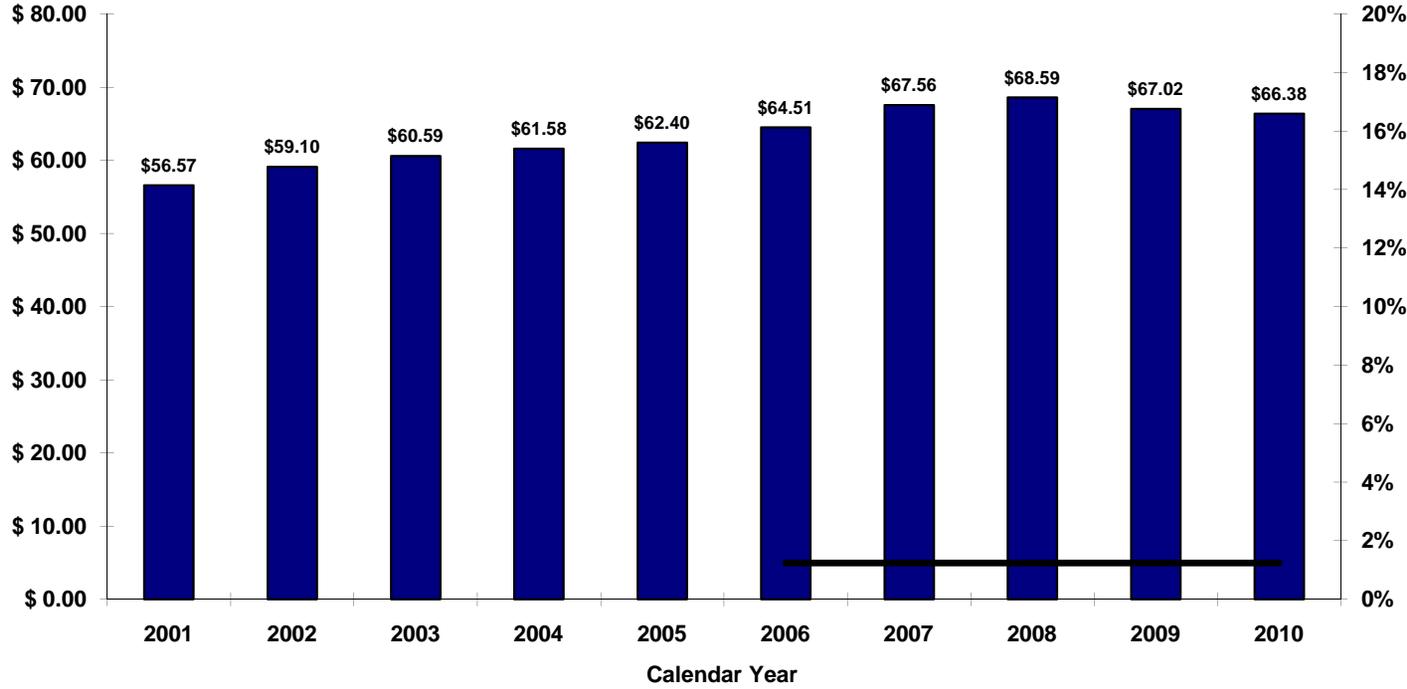
■ Indirect Care Per Diem    — 10 Year CAGR=1.78%

**ICF-MR Facilities**  
**Indirect Care Expense Per Diem**  
**(2001 - 2010)**



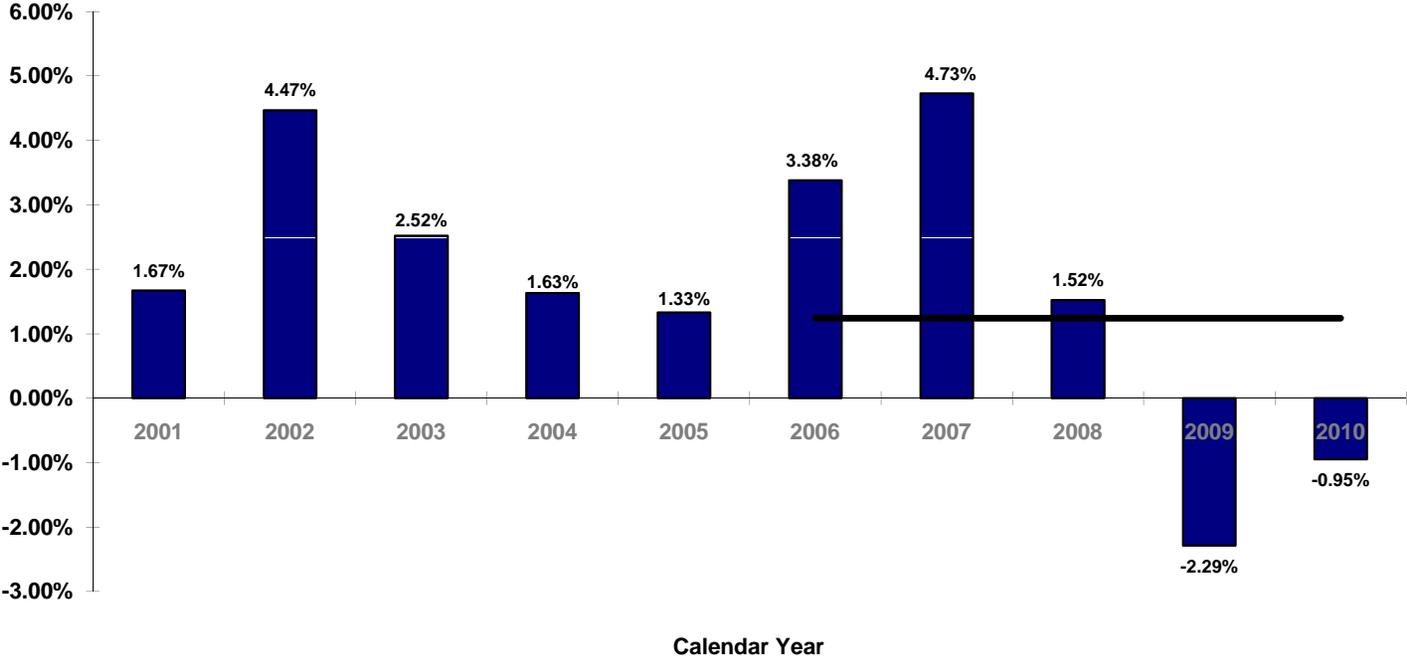
■ Percent Change: Indirect Care Per Diem    — 10 Year CAGR=1.78%

**ICF-MR Facilities**  
**Indirect Care Expense Per Diem**  
(2001 - 2010)



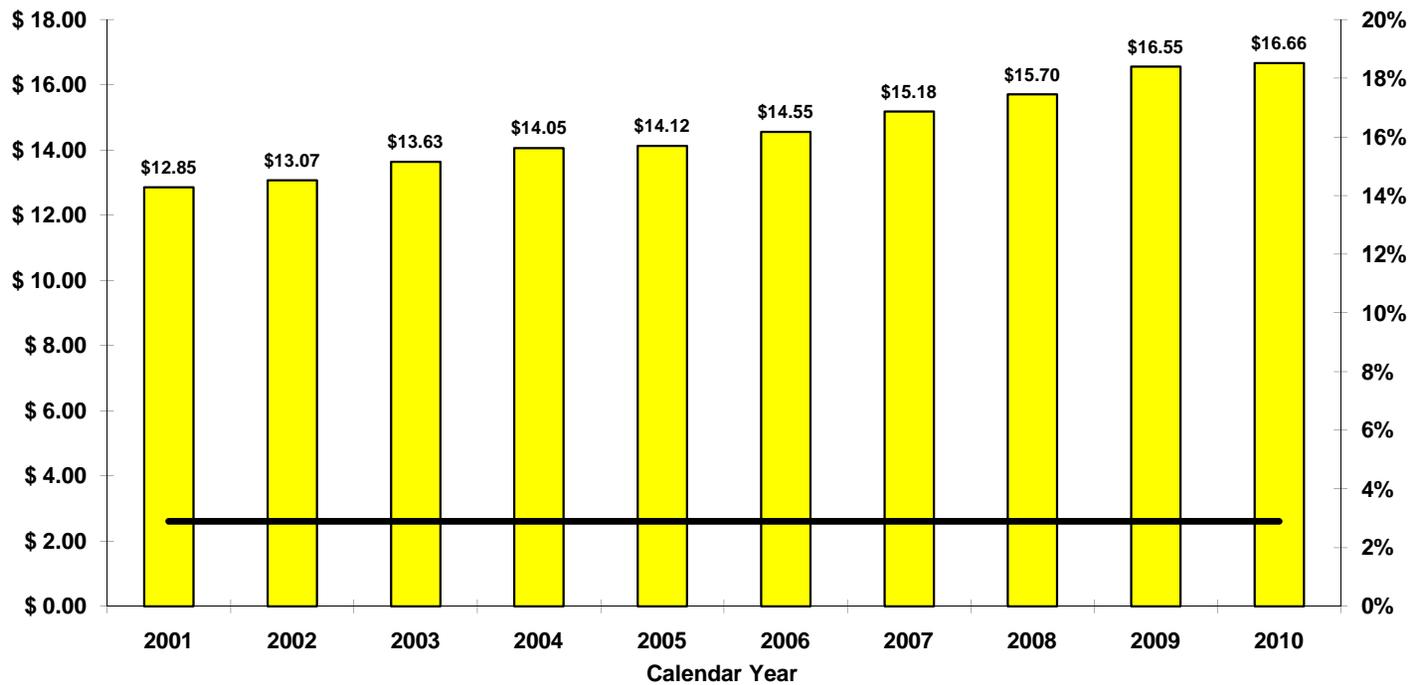
■ Indirect Care Per Diem    — 5 Year CAGR=1.24%

**ICF-MR Facilities**  
**Indirect Care Expense Per Diem**  
**(2001 - 2010)**



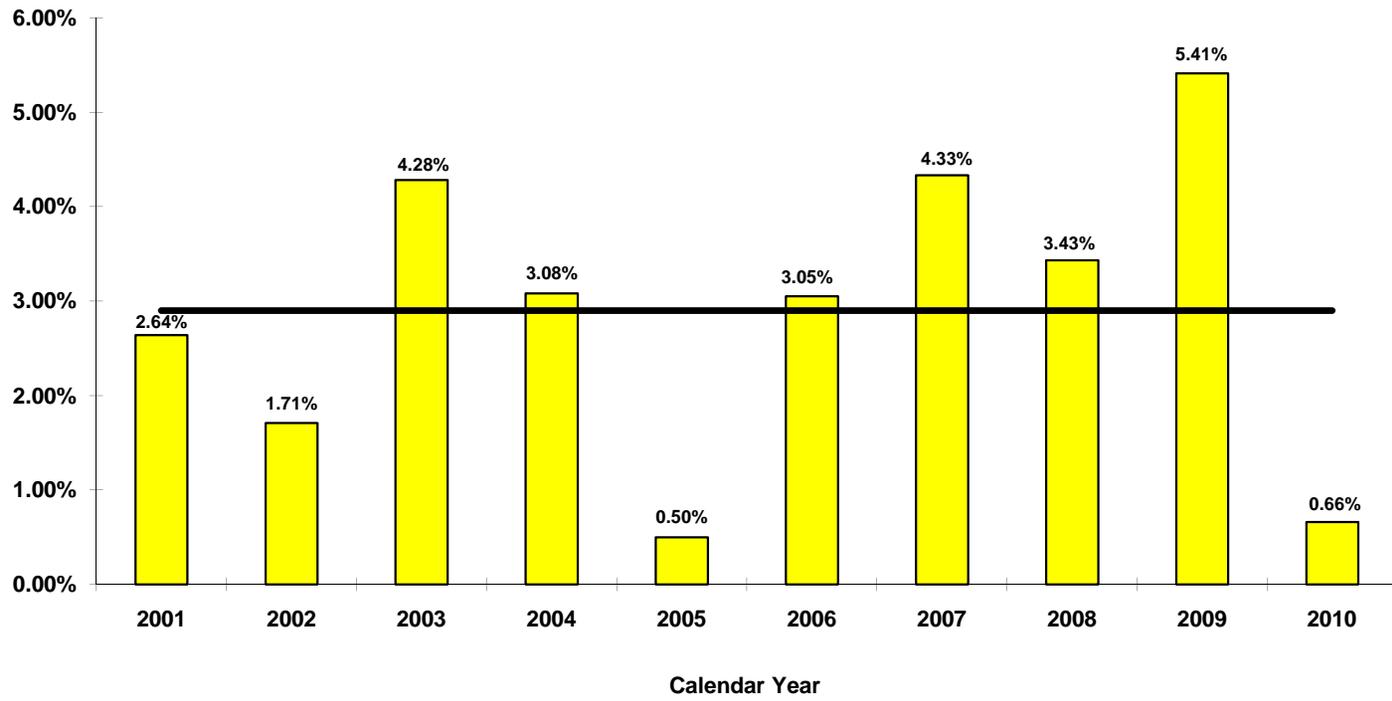
■ Percent Change: Indirect Care Per Diem    — 5 Year CAGR=1.24%

### ICF-MR Facilities Capital Expense Per Diem (2001 - 2010)



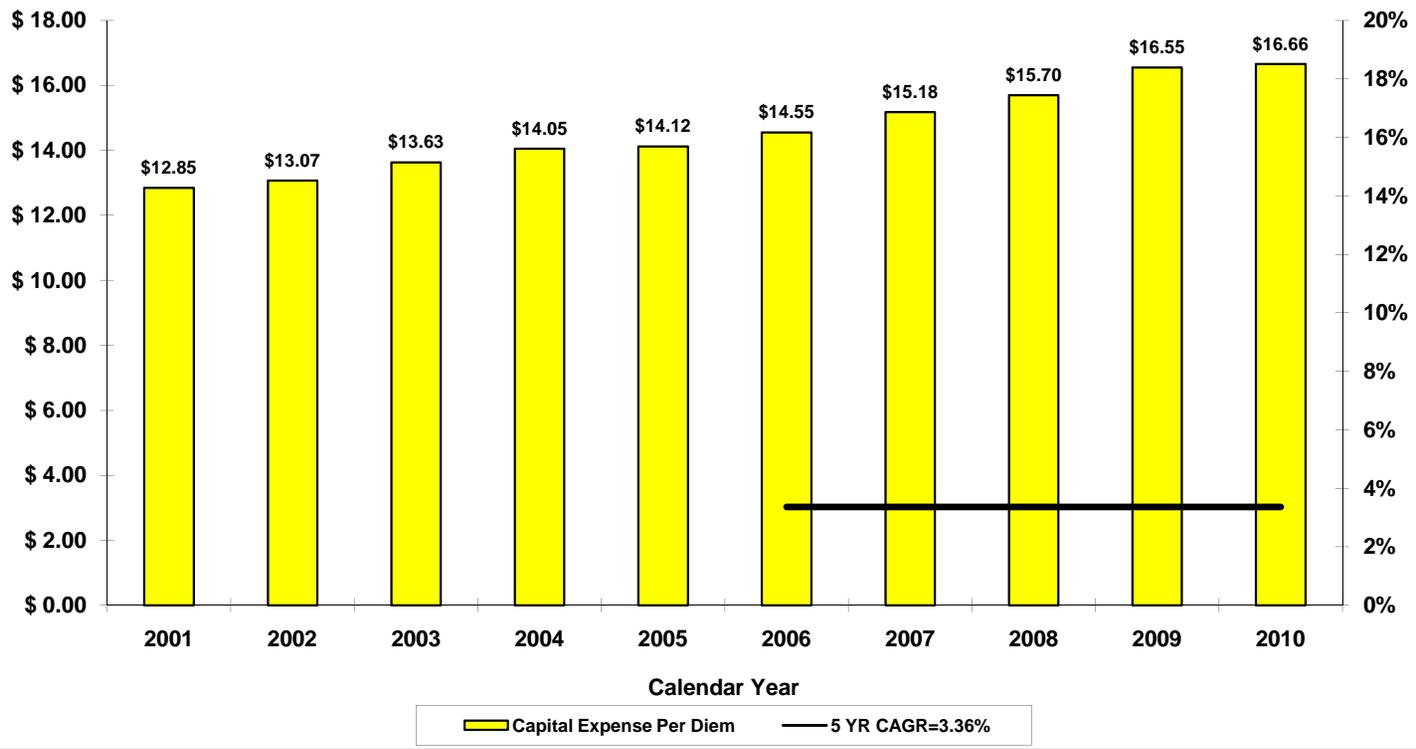
Capital Expense Per Diem      10 YR CAGR=2.90%

**ICF-MR Facilities  
Capital Expense Per Diem  
(2001 - 2010)**

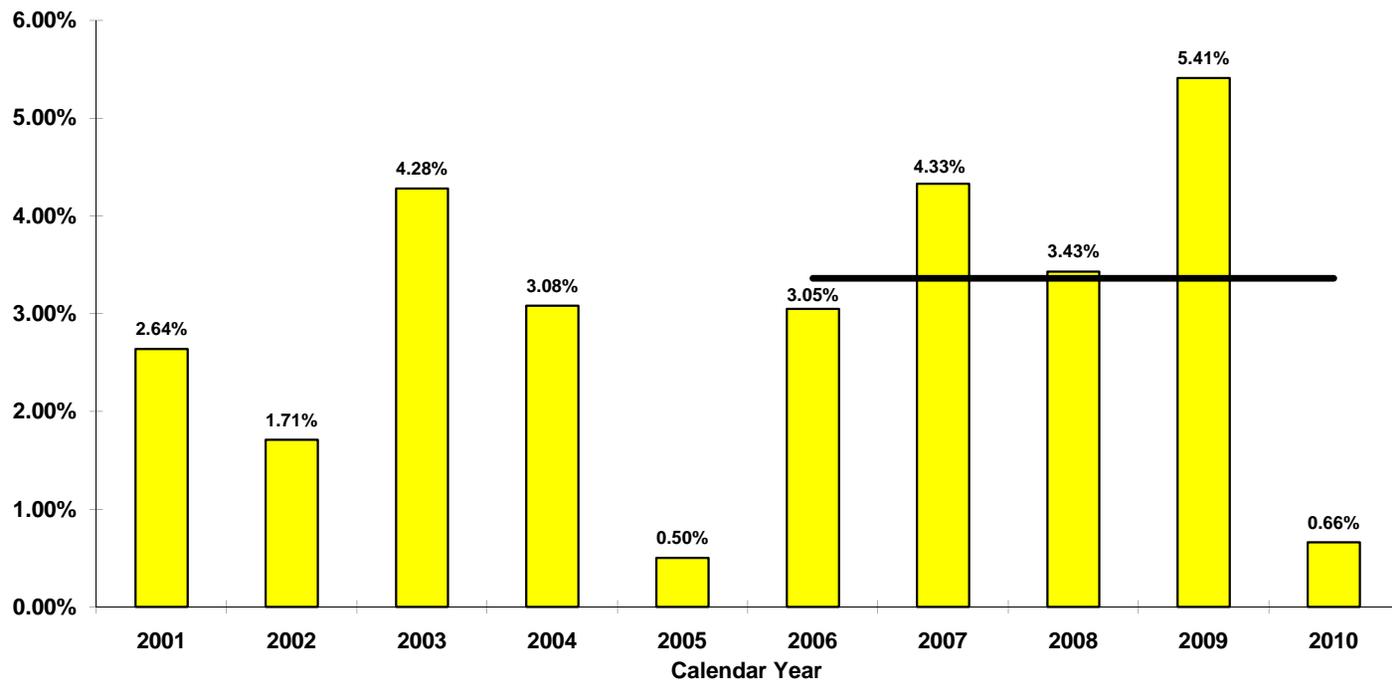


■ Percent Change: Capital Per Diem    — 10 YR CAGR=2.90%

### ICF-MR Facilities Capital Expense Per Diem (2001 - 2010)

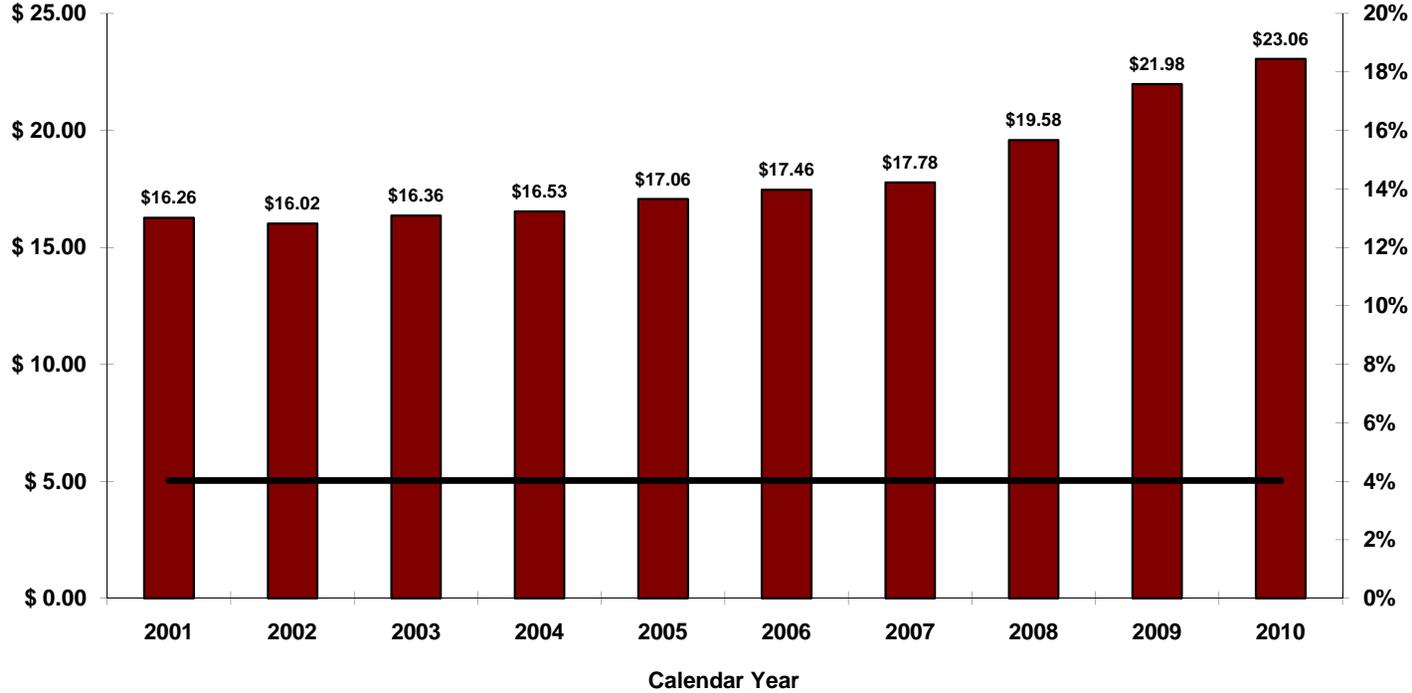


**ICF-MR Facilities**  
**Capital Expense Per Diem**  
(2001 - 2010)



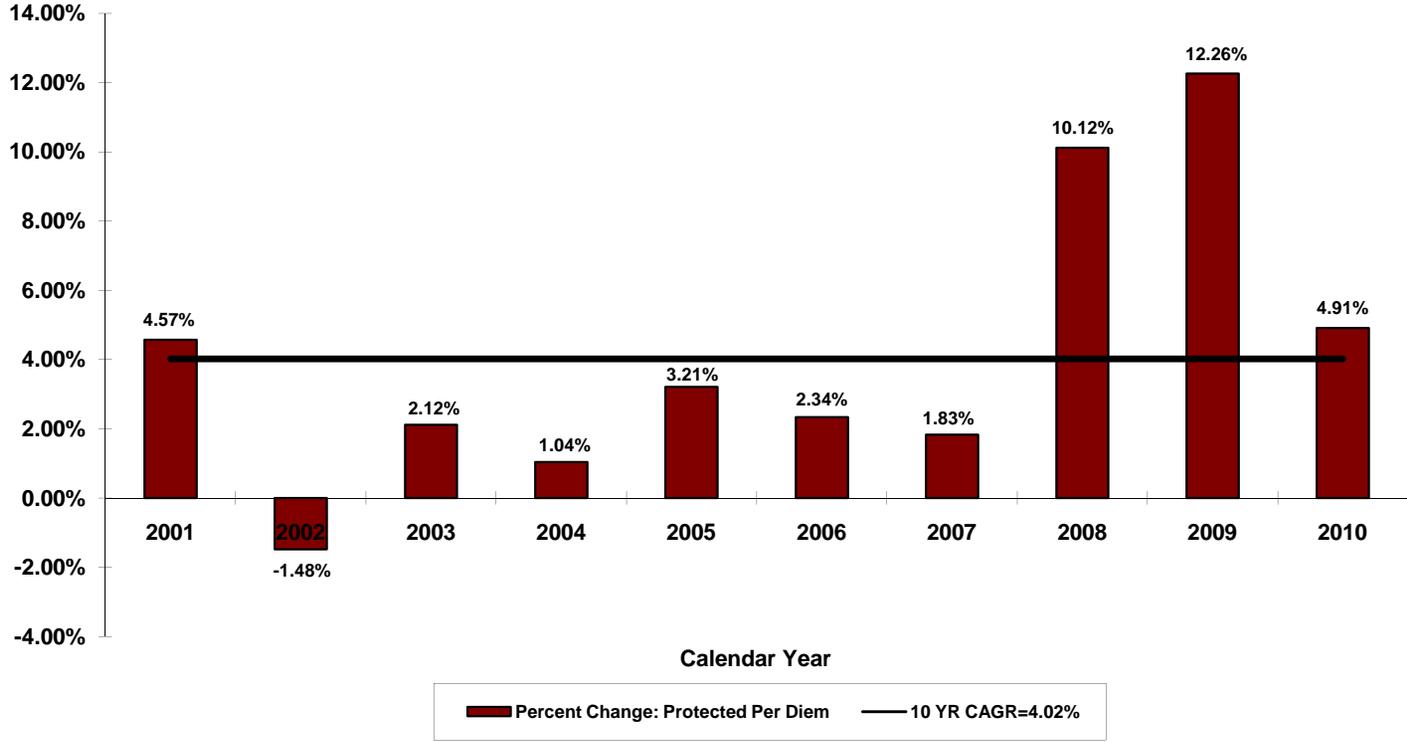
■ Percent Change: Capital Per Diem    — 5 YR CAGR=3.36%

**ICF-MR Facilities**  
**Protected Expense Per Diem**  
(2001 - 2010)

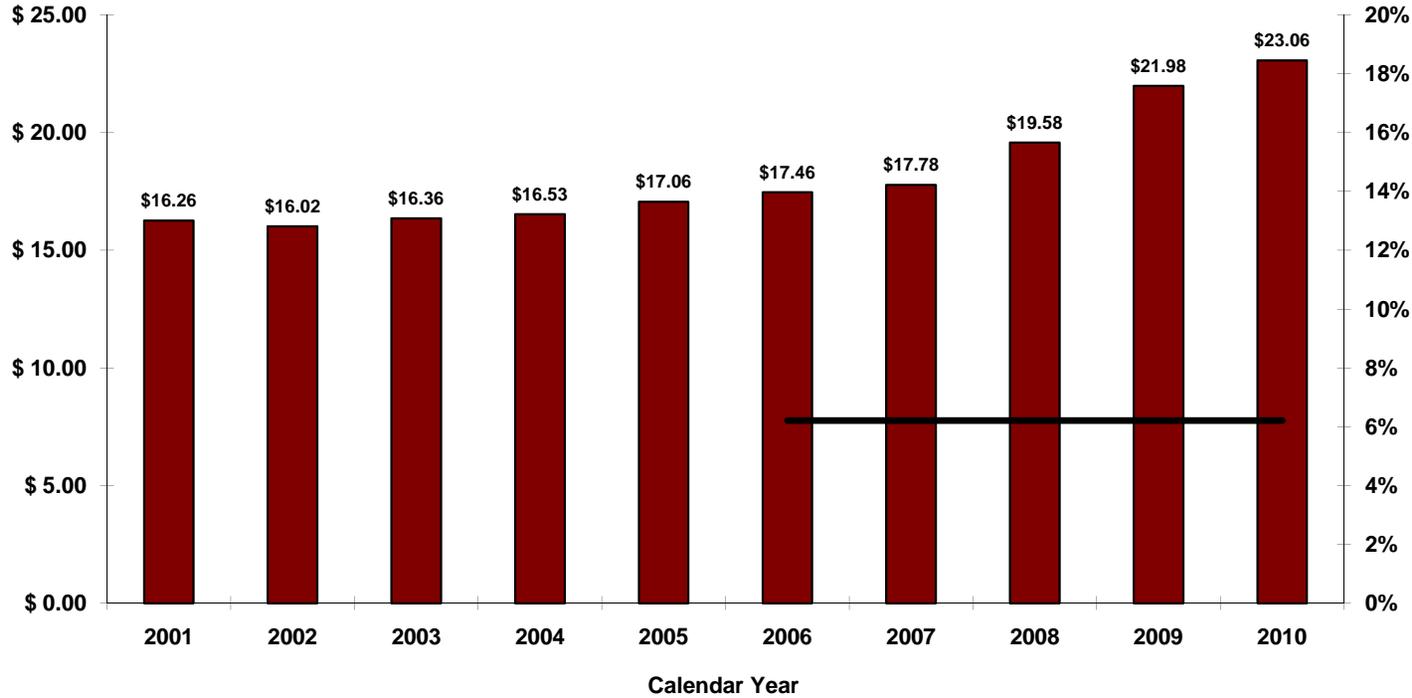


Protected Expense Per Diem      10 YR CAGR=4.02%

**ICF-MR Facilities**  
**Protected Expense Per Diem**  
**(2001 - 2010)**

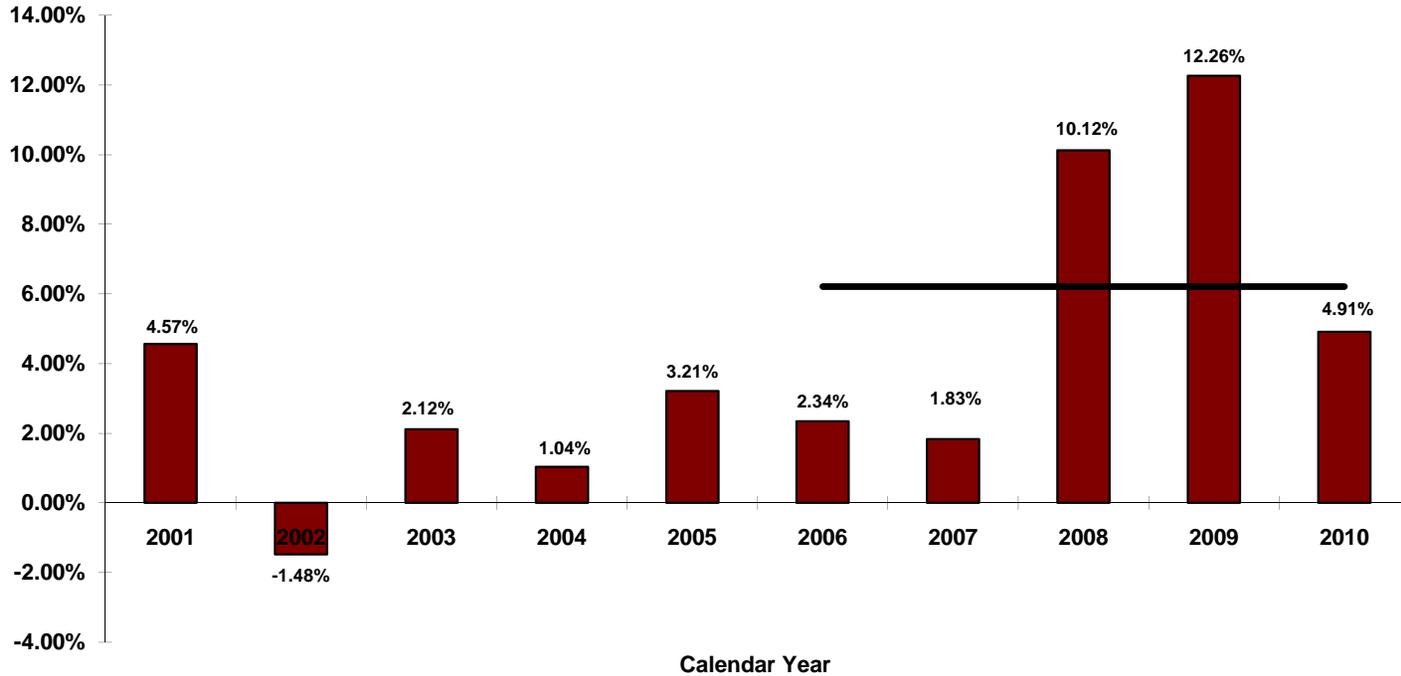


**ICF-MR Facilities**  
**Protected Expense Per Diem**  
**(2001 - 2010)**



Protected Expense Per Diem      5 YR CAGR=6.21%

**ICF-MR Facilities**  
**Protected Expense Per Diem**  
**(2001 - 2010)**



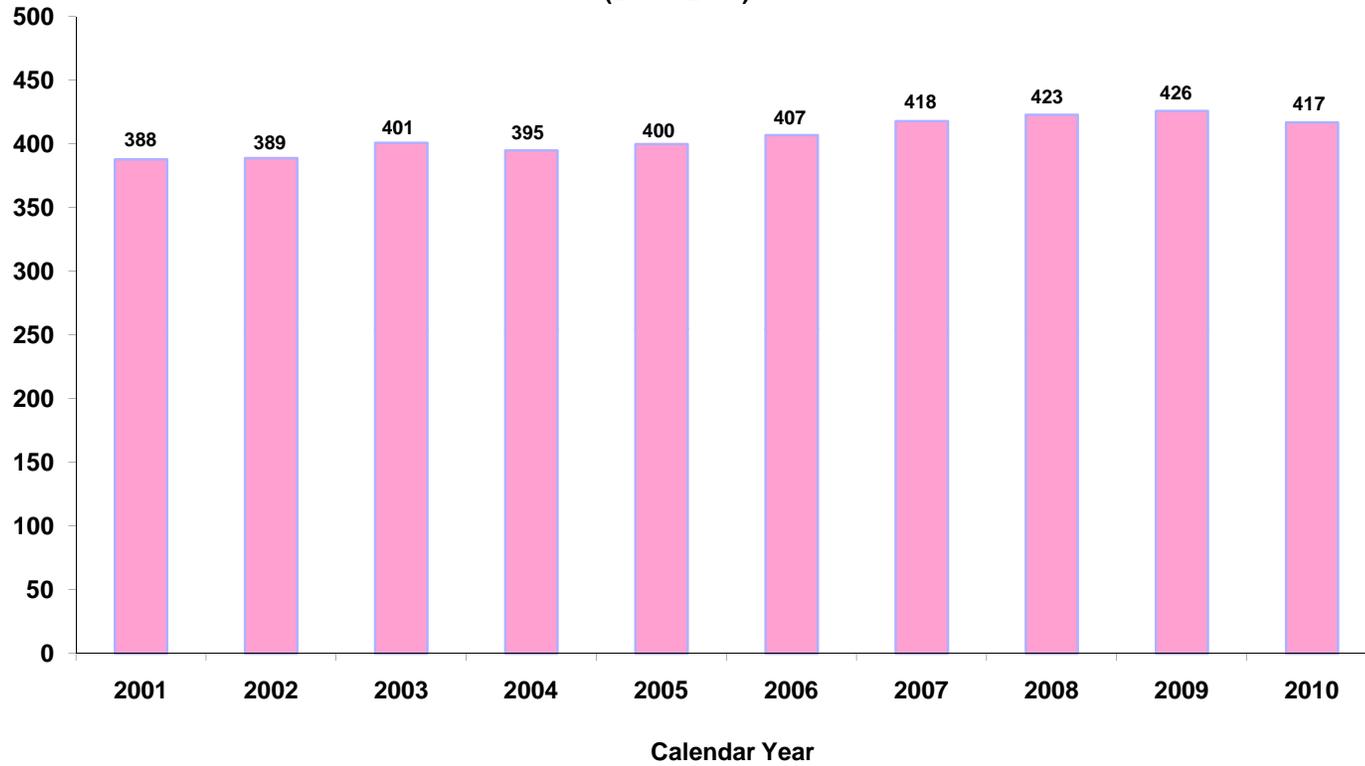
■ Percent Change: Protected Per Diem    — 5 YR CAGR=6.21%

# Facility Information

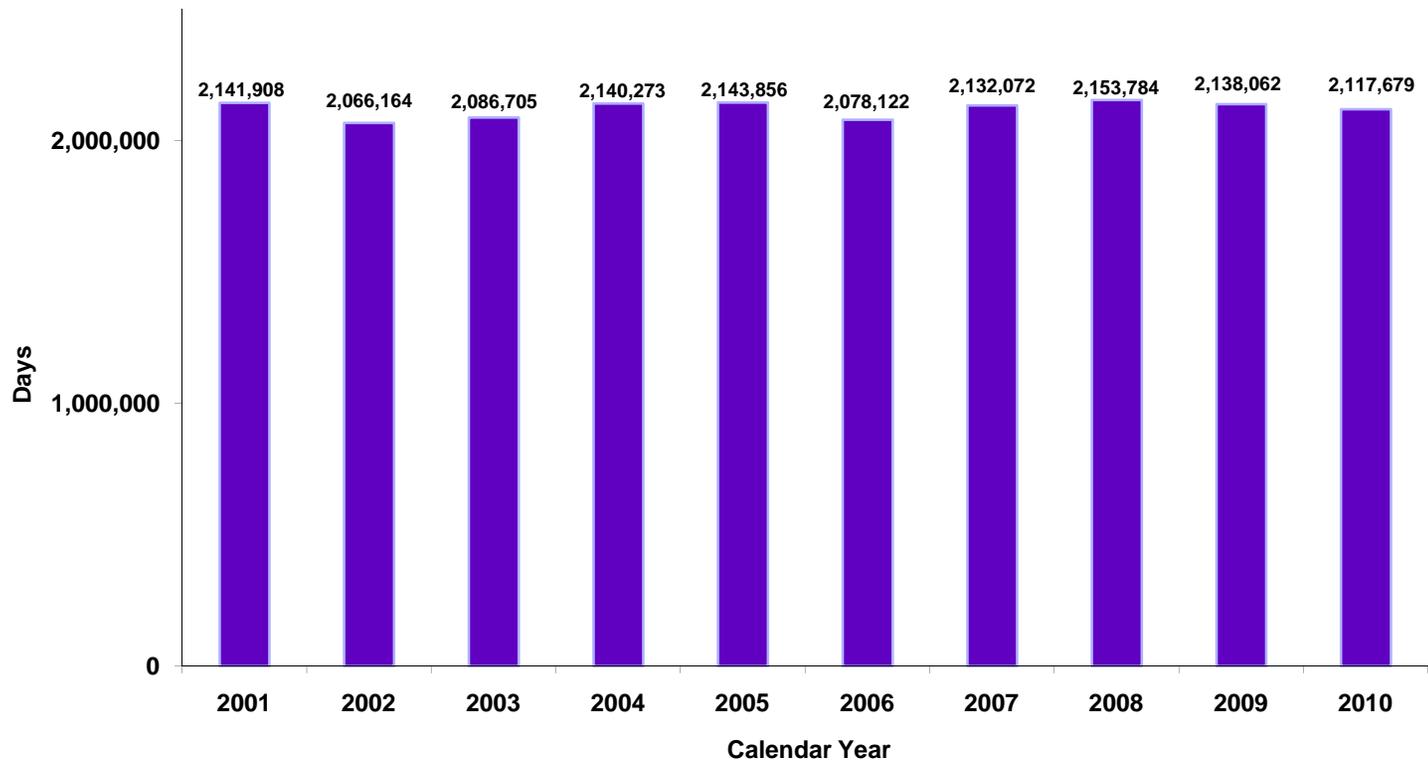
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- < **Number of Facilities**
- < **Bed Days Available**
- < **Vacant Bed Days Available**
- < **Estimated Vacant Beds**
- < **Inpatient Days**
  - Í **Medicaid Days**
  - Í **Private Days**
  - Í **Medicare Days**
  - Í **Veteran/Other Days**

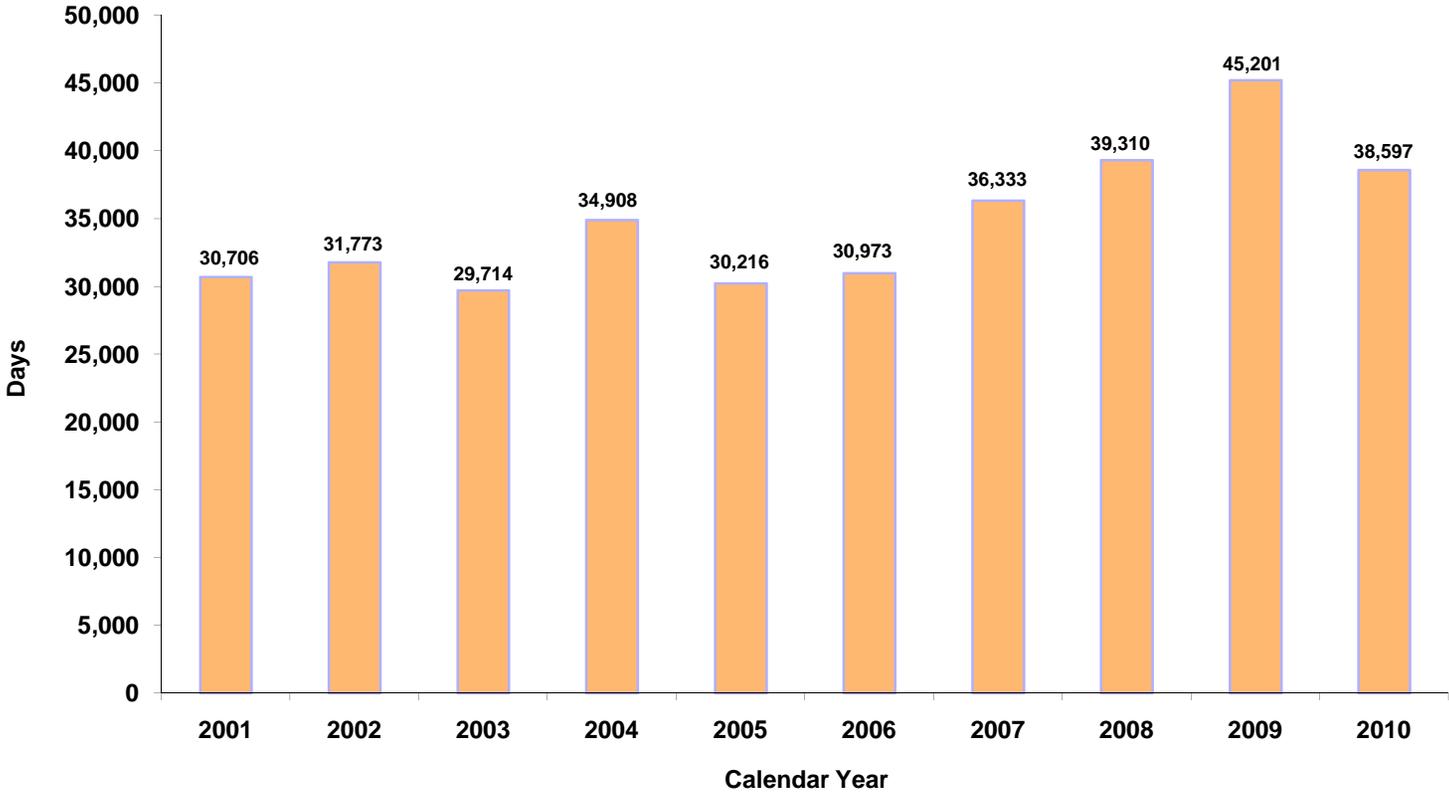
**ICF-MR Facilities  
Number of Facilities  
(2001 - 2010)**



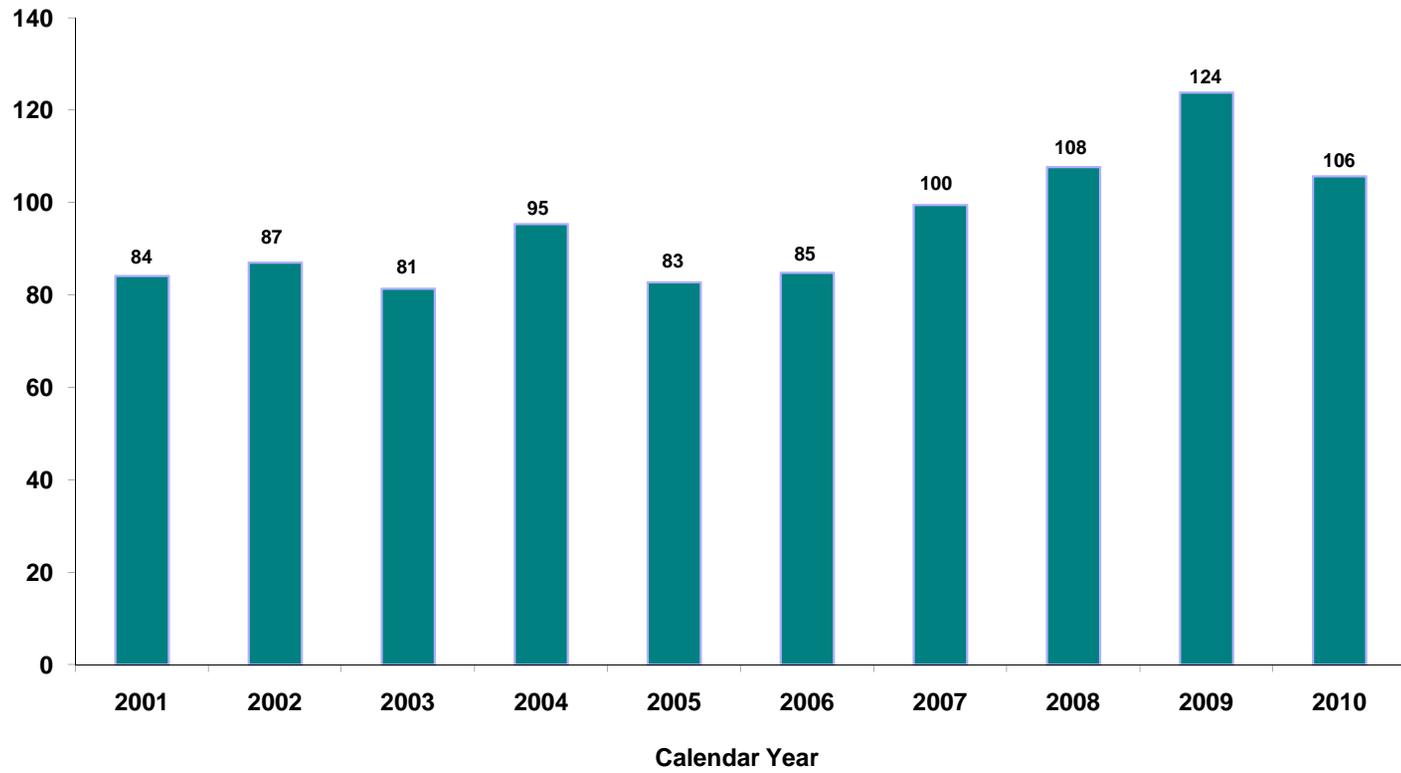
**ICF-MR Facilities  
Bed Days Available  
(2001 - 2010)**



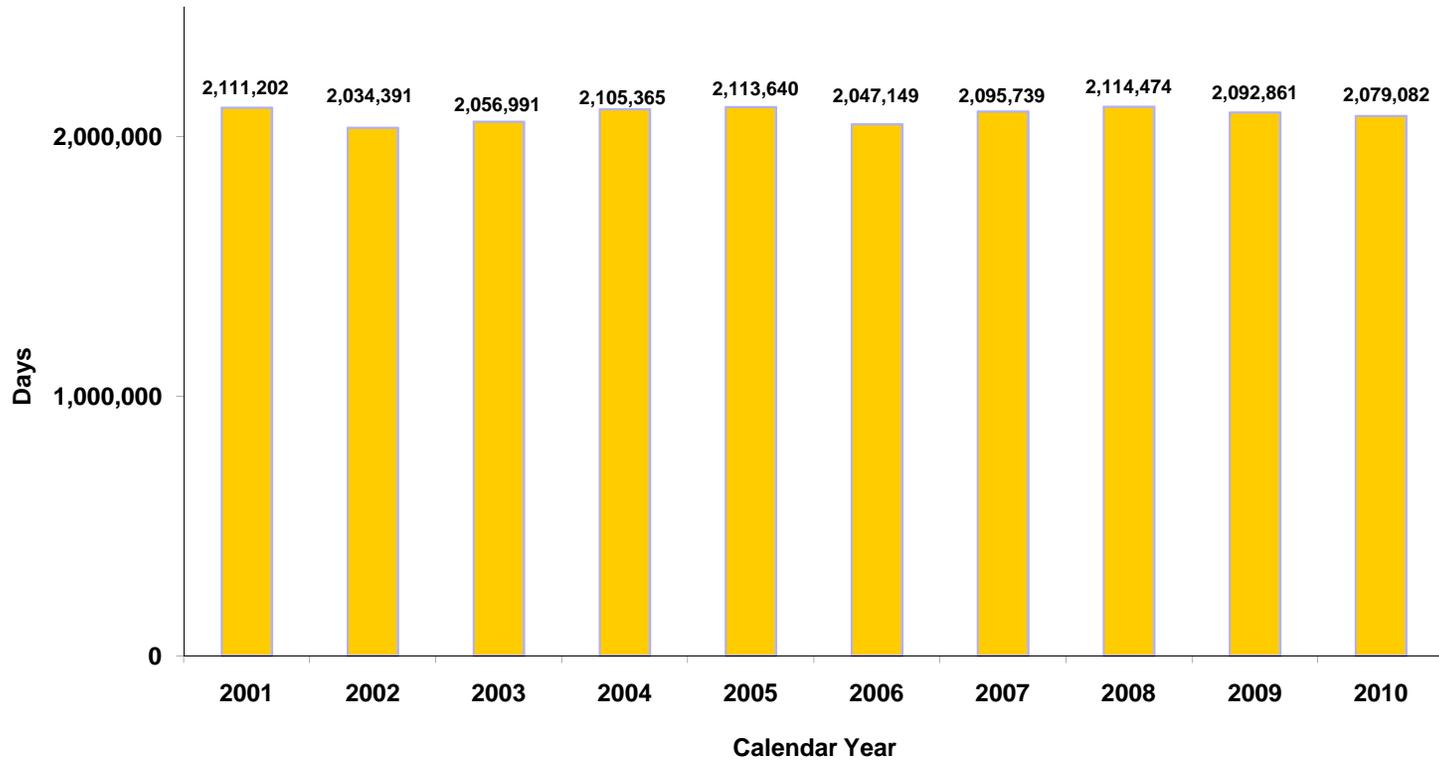
**ICF-MR Facilities  
Vacant Bed Days Available  
(2001 - 2010)**



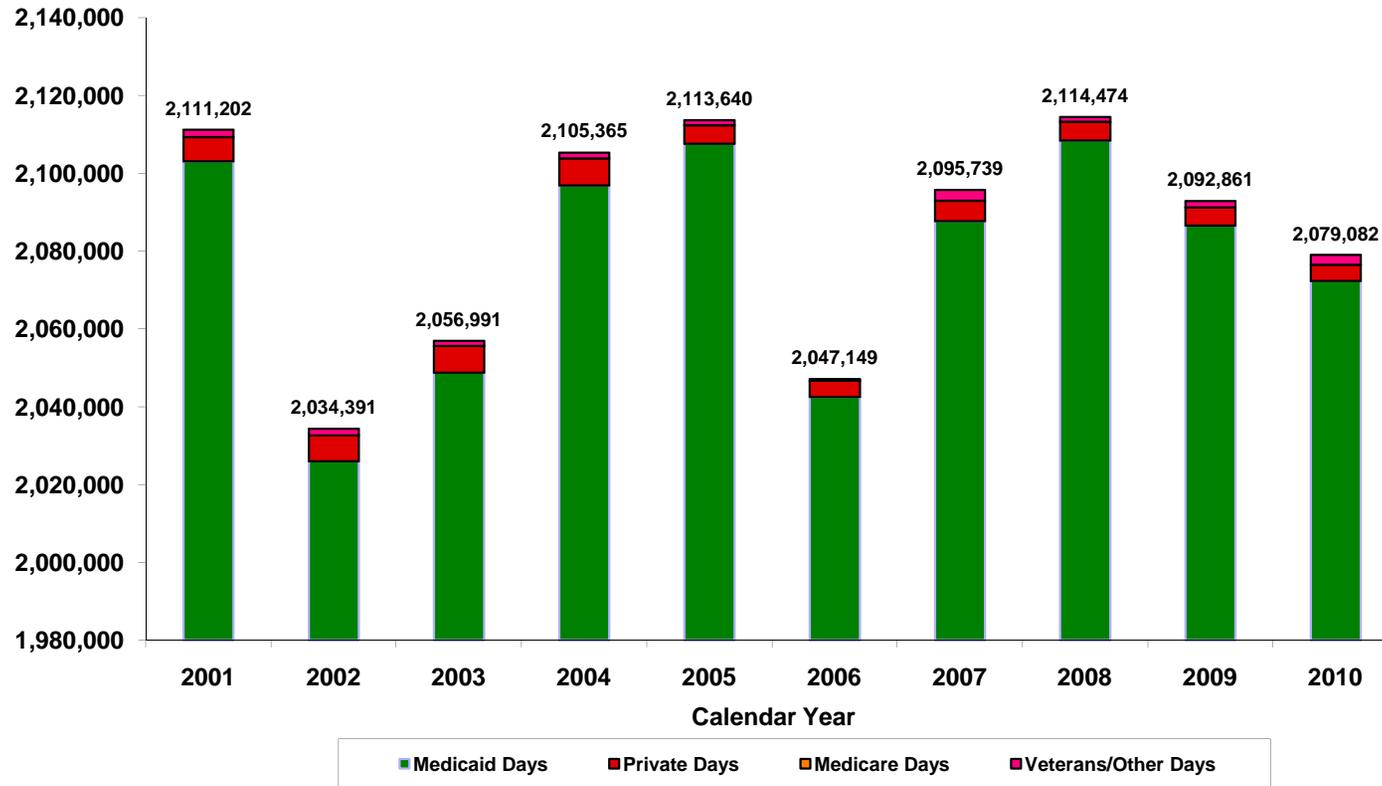
**ICF-MR Facilities**  
**Estimated # Vacant Beds**  
**(2001 - 2010)**



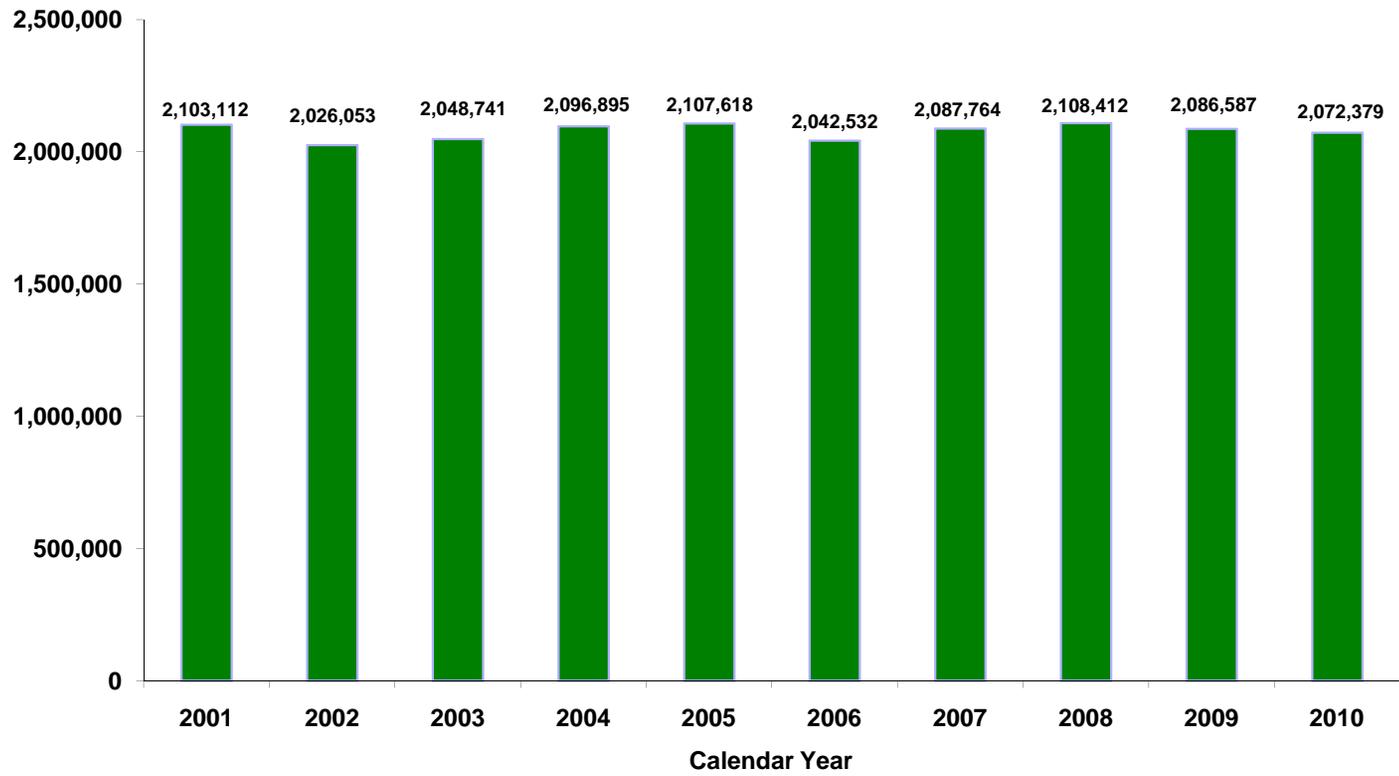
**ICF-MR Facilities  
Inpatient Days  
(2001 - 2010)**



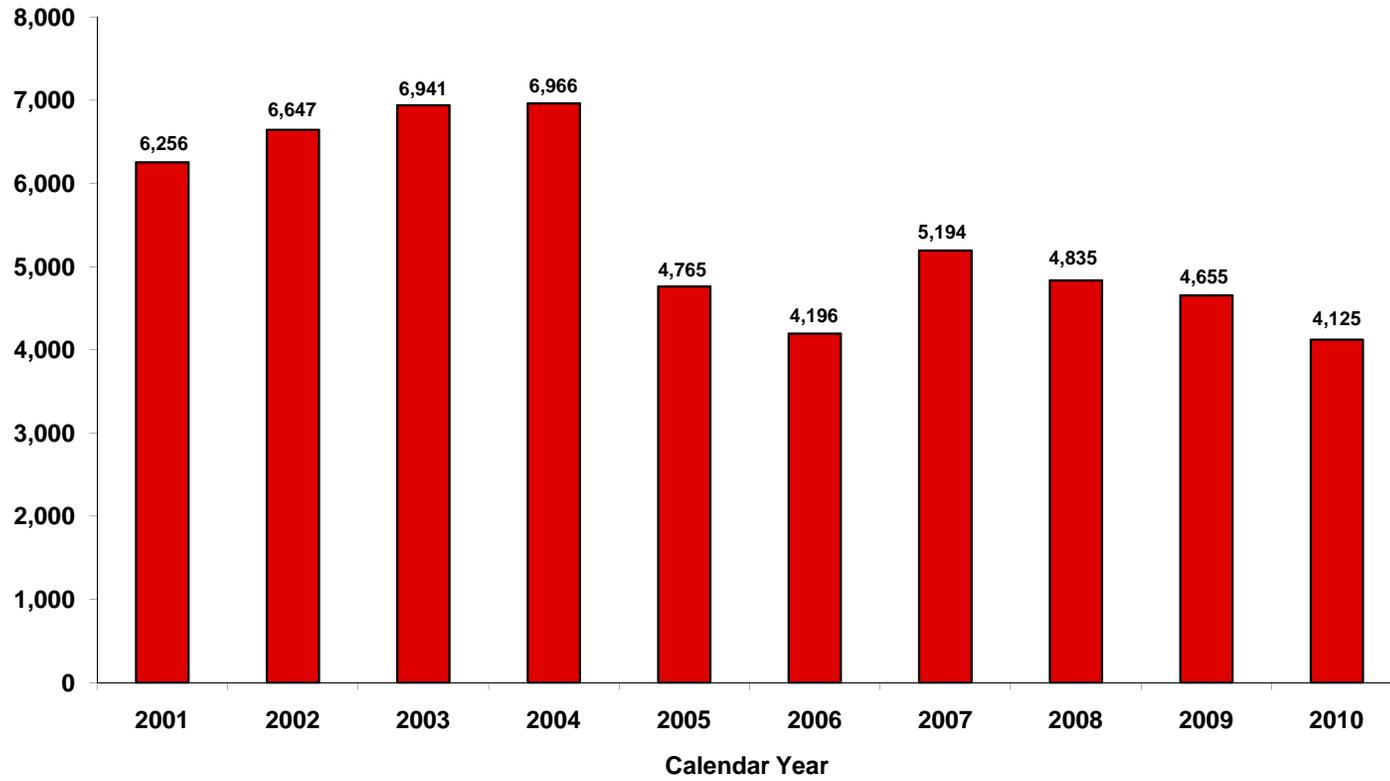
### ICF-MR Facilities Inpatient Days (2001 - 2010)



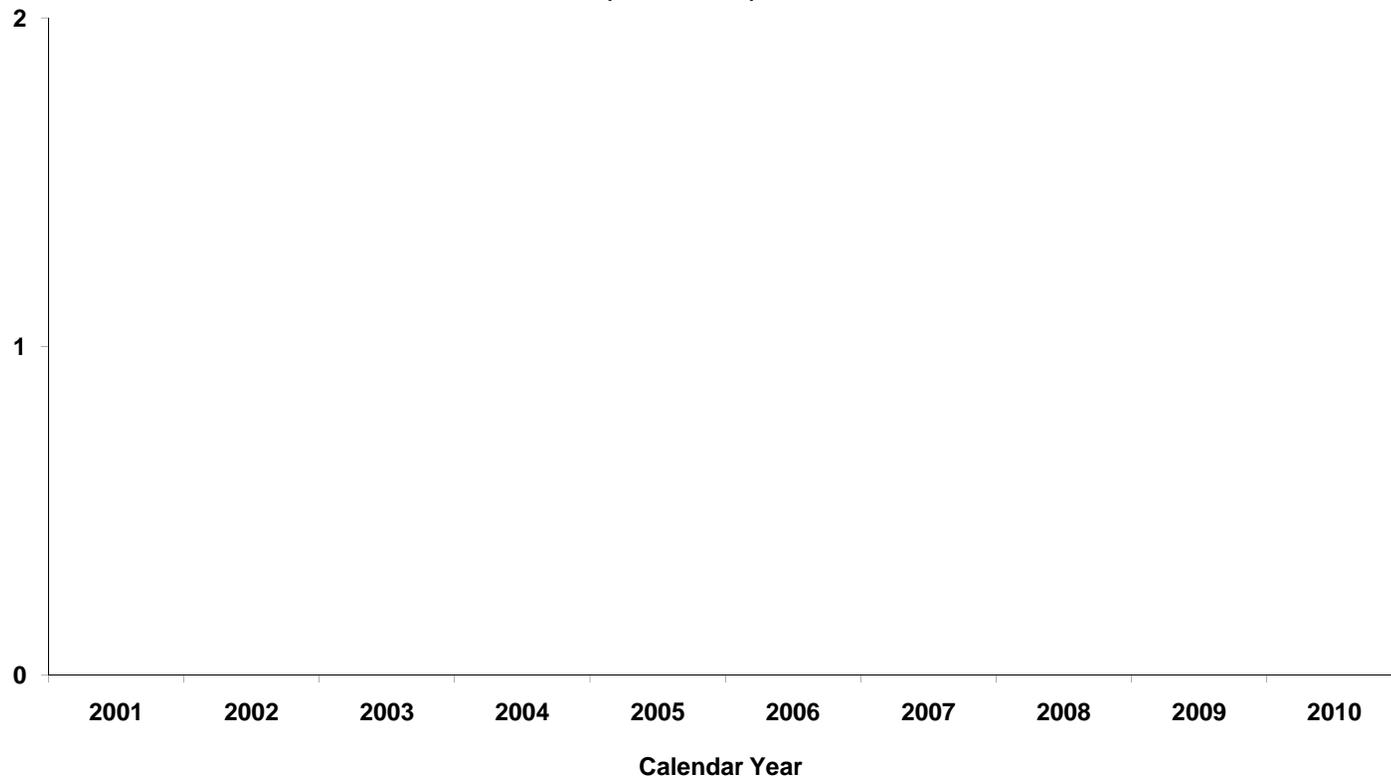
**ICF-MR Facilities  
Medicaid Days  
(2001 - 2010)**



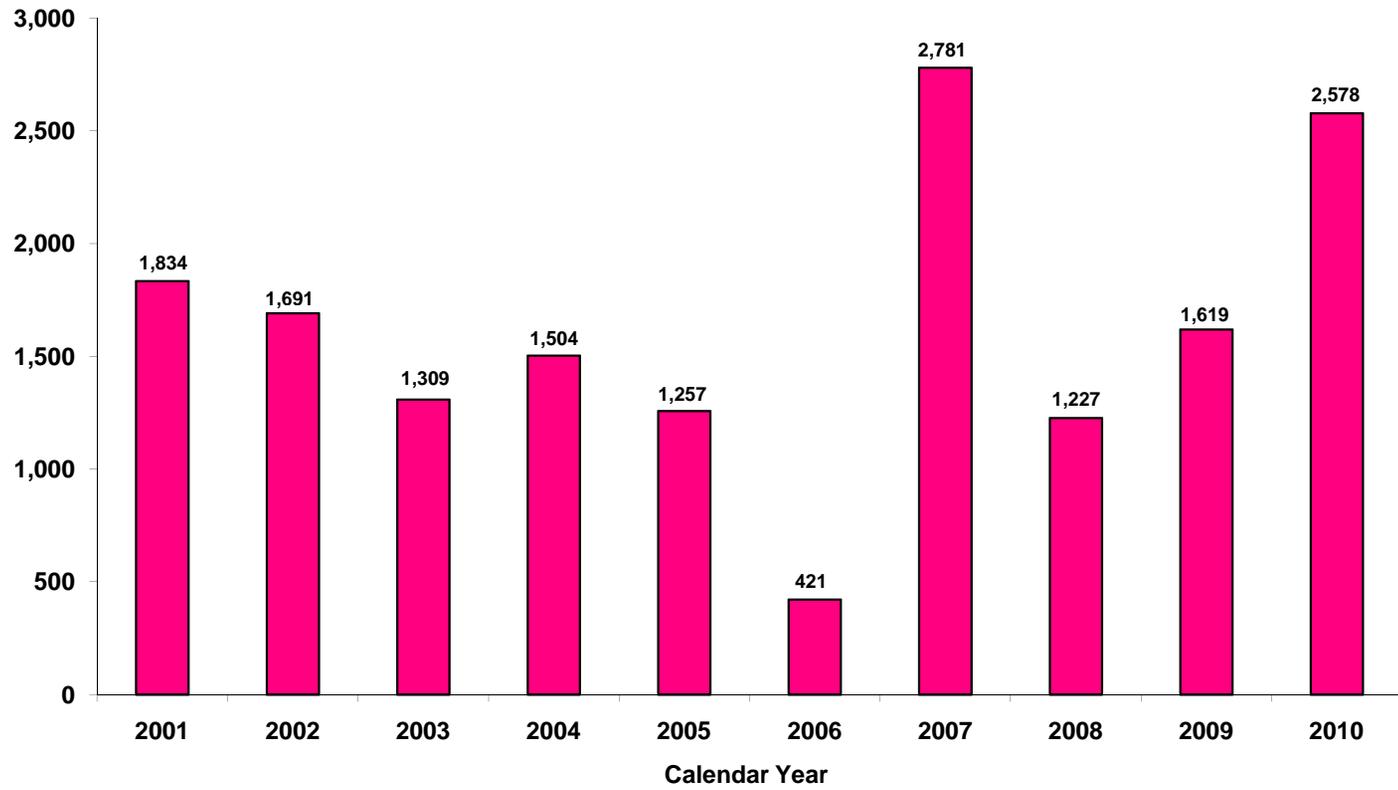
**ICF-MR Facilities  
Private Days  
(2001 - 2010)**



**ICF-MR Facilities  
Medicare Days  
(2001 - 2010)**



**ICF-MR Facilities  
Veterans/Other Days  
(2001 - 2010)**



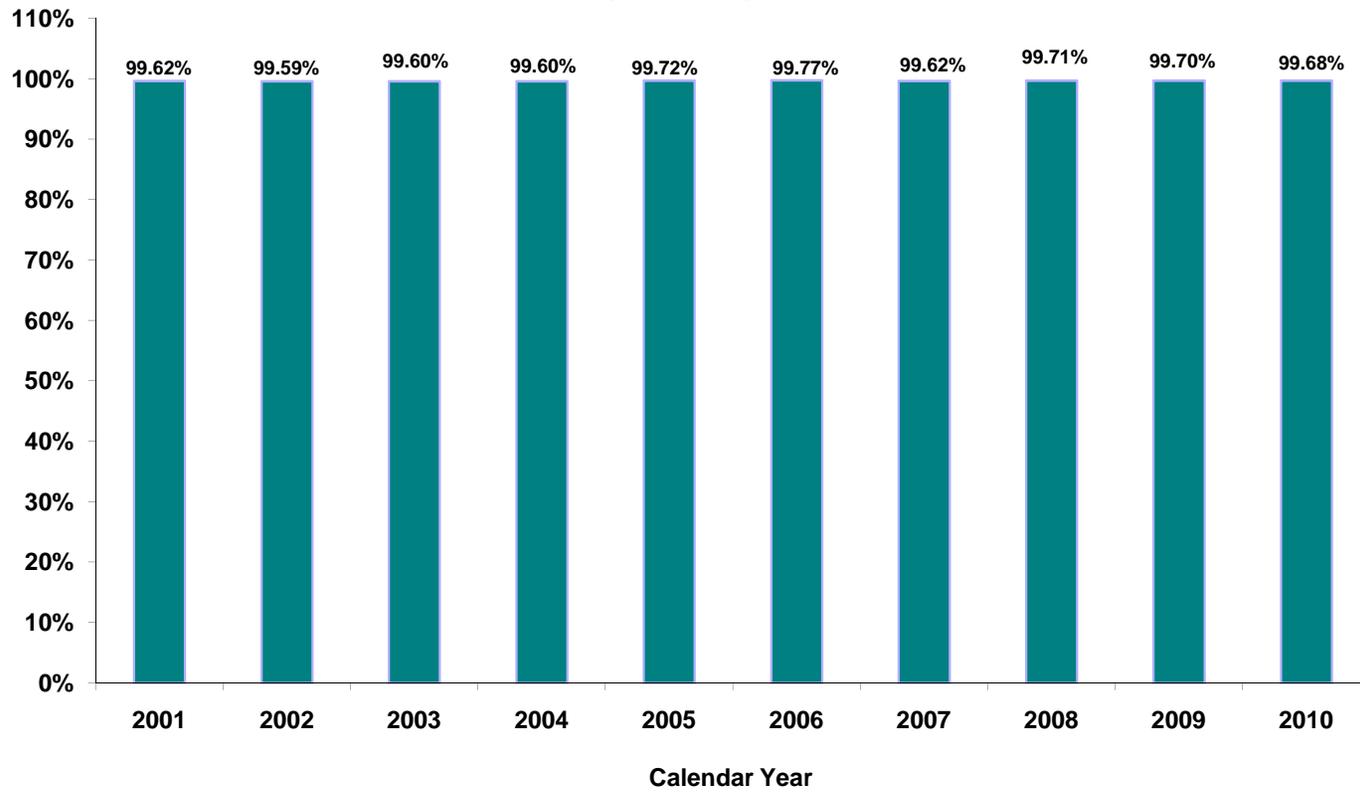
# Utilization - Trends

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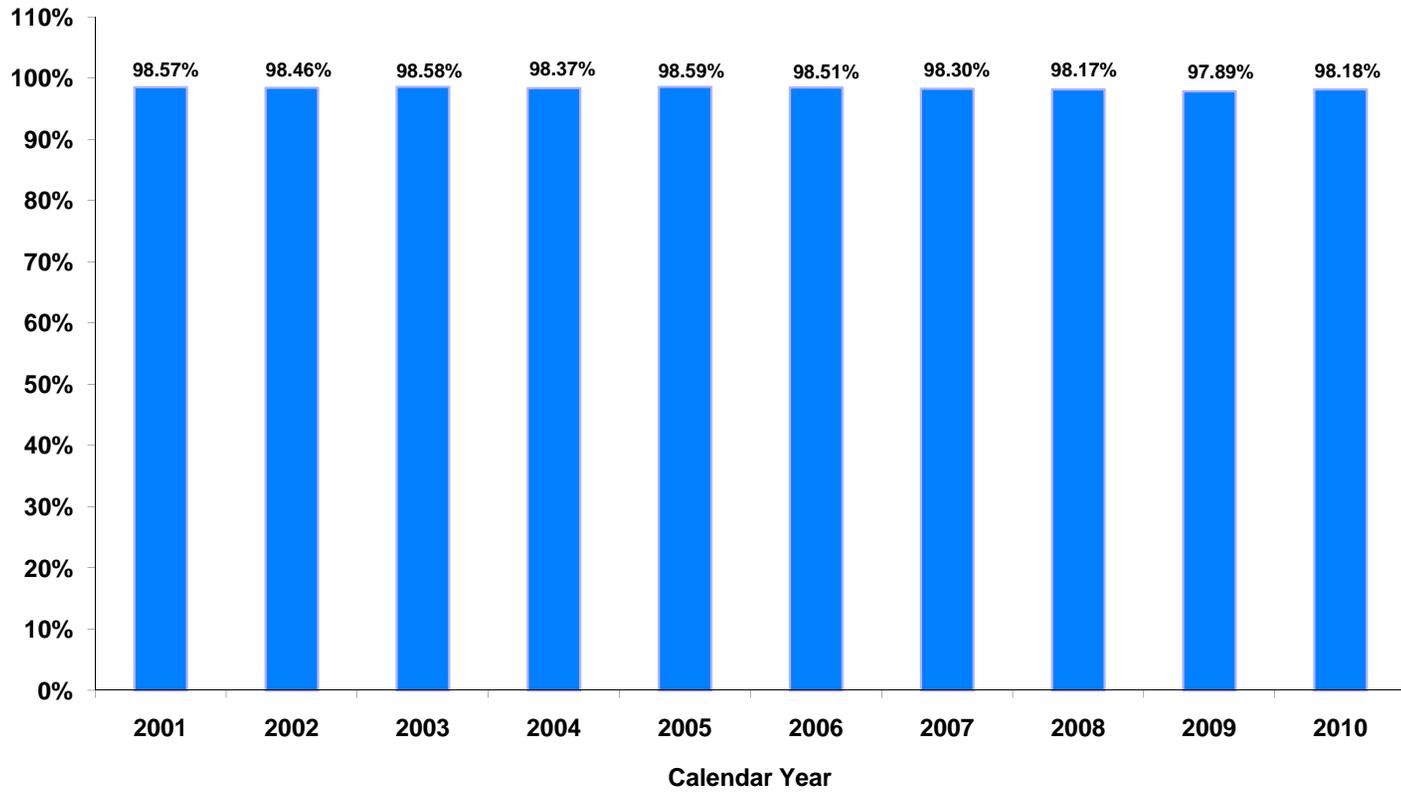
## Cost Report

- < **Medicaid Utilization**
- < **Occupancy**
- < **Occupancy: Using 1993 as Base Year**

**ICF-MR Facilities  
Medicaid Utilization  
(2001 - 2010)**



**ICF-MR Facilities  
Occupancy  
(2001 - 2010)**



**ICF-MR Facilities**  
**Occupancy: Base Year 1993**  
**(2001 - 2010)**

