

**Background**

Facility specific rates for state-operated Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICFs-IID) are established using an interim rate using facility cost report data from the most recent filed fiscal year cost report. The total payments made using the interim rate is reconciled to actual cost upon receipt of the applicable fiscal year cost report. The cost report is Ohio-specific and is submitted electronically within one hundred eighty days of the end of the fiscal year. Each cost report contains the following cost centers and the rate (interim and final) is the sum of the following components:

- 1) Direct Care Costs
- 2) Ancillary Costs
- 3) Capital Costs

Unless otherwise specified, allowable costs are determined in accordance with the following rules and regulations:

- 1) 2 CFR Part 225-Cost Principles for State, Local, and Tribal Indian Governments
- 2) The provider reimbursement manual (CMS Publication 15-1 and 15-2)

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**Eligibility for Payment for state-operated Intermediate Care Facility for Individuals with Intellectual Disabilities (ICF-IID) Services**

In order to be eligible for Medicaid payments, the operator of state-operated ICFs-IID shall enter into a provider agreement with the state and maintain a valid license to operate and comply with all applicable state and federal laws and rules. In Ohio, the Ohio Department of Developmental Disabilities (DODD) is the operator of the state-operated facilities for individuals with intellectual disabilities and maintains all beds participating in the Medicaid program through an interagency agreement with the Ohio Department of Medicaid (ODM).

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**Relation to Other Services**

The intermediate care facility for individuals with intellectual disabilities (ICF-IID) rate is a comprehensive rate including many services otherwise provided through the Medicaid program on a fee for service basis. The majority of costs are covered through the cost report mechanism. However, some services are reimbursed directly to the medical service provider.

Services that are reimbursed directly to the medical service provider include:

- 1) Dental services provided by licensed dentists that are not facility staff or contracted personnel
- 2) Laboratory and x-ray services, excluding tuberculin tests
- 3) Certain durable medical equipment items, including:
  - a. Ventilators
  - b. Custom-made wheelchairs
- 4) Prostheses
- 5) Orthoses
- 6) Contents of oxygen cylinders or tanks (except for emergency stand-by oxygen)
- 7) Oxygen producing machines
- 8) Pharmaceuticals
- 9) Psychologist services provided by a community mental health center
- 10) Physician services provided by licensed physicians that are not facility staff or contracted personnel
- 11) Podiatry services
- 12) Vision care services

Payment methodologies for these services are described in Attachment 4.19-B.

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**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.

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**Calculation of Direct Care Per Diem**

1. Calculate the direct care per diem for each state-operated intermediate care facility for individuals with intellectual disabilities (ICF-IID) by dividing direct care costs by total inpatient days.
2. Sum direct care costs for all state-operated ICFs-IID and divide by the sum of all state-operated ICFs-IID inpatient days
3. Calculate the direct care per diem ceiling by taking the amount calculated in (2) and multiply it by one hundred twelve per cent.
4. The state-operated ICF-IID direct care per diem will be the lower of the amount calculated in (1) or the direct care per diem ceiling amount as calculated in (3).

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**Ancillary Costs**

**Allowable costs for Ancillary Costs**

Costs included in ancillary costs are reasonable costs incurred for pharmacy, radiology, laboratory, clinic and physician services. Audiology, dental and vision costs are included in clinic services.

- 1) Pharmacy
- 2) Radiology
- 3) Laboratory
- 4) Clinic
- 5) Physician Services

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**Calculation of Ancillary Costs**

Calculate the ancillary cost per diem for each state-operated intermediate care facility for individuals for intellectual disabilities (ICF-IID) by dividing ancillary costs by total inpatient days.

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**CAPITAL COSTS****Allowable costs for Capital**

Capital costs are reasonable costs incurred for the depreciation, amortization and interest on any capital assets that cost \$1,000 or more per item, including the following:

- 1) Buildings and improvements
- 2) Equipment
- 3) Transportation equipment
- 4) Land improvements
- 5) Leasehold improvements
- 6) Financing costs
- 7) Home office costs/capital costs

**Depreciation**

All assets are depreciated using the straight-line method of depreciation. Depreciation is calculated using estimated useful lives of capital assets. No depreciation is recognized in the month that an asset is placed into service. A full month's depreciation expense is recognized in the month following the month the asset is placed into service. In the month an asset is disposed and it is not a change in ownership, depreciation equal to the difference between the historical cost and accumulated depreciation is recognized.

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**Calculation of Capital Per Diem**

Calculate the capital cost per diem for each state-operated intermediate care facility for individuals with intellectual disabilities (ICF-IID) by dividing capital costs by total inpatient days.

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***Coverage and payment for short term respite stays***

State-operated ICF-IID providers are eligible for payment for an individual on a home and community-based waiver to temporarily reside in the facility for up to 90 days in a calendar year. The state-operated ICF-IID provider shall be paid at the per diem rate for any individual residing in a Medicaid certified state-operated ICF-IID bed. Payment for the individual shall cease after 90 days in a calendar year unless the individual disenrolls from the home and community-based waiver and becomes a permanent resident of the facility.

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