

5101:3-3-51
Page 2 of 2

FOR STATE PLAN PURPOSES ONLY

(d) BEGINNING SEPTEMBER 1, 1995 THROUGH JUNE 30, 1996, EIGHTY-EIGHT AND SIXTY- FIVE ONE-HUNDREDTHS PER CENT OF THE LIMITATION CALCULATED FOR THE PRECEDING FISCAL YEAR UNDER PARAGRAPH (A) (2) (b) OF THIS RULE, ADJUSTED TO REFLECT THE RATE OF INFLATION FOR THE TWELVE-MONTH PERIOD BEGINNING JULY 1, 1993, AND ENDING JUNE 30, 1994, USING THE CONSUMER PRICE INDEX FOR SHELTER COSTS FOR ALL CONSUMERS FOR THE NORTH CENTRAL REGION, PUBLISHED BY THE UNITED STATES BUREAU OF LABOR STATISTICS.

(e) (e) For subsequent fiscal years, EIGHTY-EIGHT AND SIXTY- FIVE ONE-HUNDREDTHS PER CENT OF the limitation in effect during the previous fiscal year, adjusted to reflect the rate of inflation for the twelve-month period beginning on the first day of July for the calendar year preceding the calendar year that precedes the fiscal year and ending on the following thirtieth day of June, using the consumer price index for shelter costs for all consumers for the north central region, published by the United States bureau of labor statistics.

(B) ~~Any~~ THE efficiency incentive determined under ~~section 5111.25 of the Revised~~ RULE 5101:3-3-512 OF THE ADMINISTRATIVE Code.

(C) Any amounts for return on equity determined under rule 5101:3-3-514 of the Administrative Code.

Pr, used Effective Date September 1, 95

Effective date: _____

Certification : _____

Date

Promulgated under: Chapter 119.
Statutory authority: RC Section 5111.02
Rule amplifies: RC Sections 5111.01, 5111.02, 5111.25
Prior effective dates: 7/1/93 (emer.), 9/30/93

TN # 95-20 APPROVAL DATE FEB 20 1997
SUPERSEDES
TN # 94-07 EFFECTIVE DATE 9/1/95

UNAUDITED COST REPORTS

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TO CALCULATE THE MARKET BASKET RATE OF INCREASE
 FOR FISCAL YEAR: 1992
 AUDITED BASE YEAR COSTS

For the fiscal year (FY) take:

		RANGE NAME
Market Basket for first calendar year:	<u>1991</u> <u>5.30%</u>	MB_1st
Market Basket for second calendar year:	<u>1992</u> <u>5.70%</u>	MB_2nd
Number of FY months in the 1st calendar year:	<u>6</u>	CY_1st
Number of FY months in the 2nd calendar year:	<u>6</u>	CY_2nd

Substitute the above numbers in the following formula:

1. Calculate the twelfth root of the first Market Basket.
2. Raise the result in number 1 to the same power as the number of months in the first calendar year.
3. Calculate the twelfth root of the second Market Basket.
4. Raise the result in number 3 to the same power as the number of months in the second calendar year.
5. Multiply number 2 by number 4.
6. The result is the Market Basket for the fiscal year.

The formula is:

$$((MB_1st^{(1/12)})^{CY_1st}) * ((MB_2nd^{(1/12)})^{CY_2nd})$$

5.4964% (Automatically rounded to six places.)

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1992 MARKET BASKET INCREASE CALCULATION

**** BASE YEAR AS SHOWN ****
 ***** AUDITED *****

PROVIDER NUMBER	DEVELOPMENTAL CENTER BUILDING NAME	BASE		DIRECT COSTS	MARKET BASKET	PROPOSED
		BASE YEAR	YEAR PAT DAYS		ADJUSTMENT	PER DIEM CEILING
(1)	(2)	(3)	(4)	(5)	(6)	(7)
0123456	APPLEBEE'S	1987	28,754 B	\$4,662,145	\$4,918,395	\$171.05
0147852	STATE ROAD	1987	34,085 B	\$5,874,521	\$6,197,408	\$181.82
0589614	THE BRIDGE	1991	32,846 B	\$5,236,297	\$5,524,105	\$168.18
0365874	THE NEW START	1992	5,779 P	\$1,001,971	\$1,001,971	\$173.38
0854123	BEGINNER'S COLLEGE	1993	17,924 P	\$4,491,349	\$4,491,349	\$250.58
0951843	GARFIELD MANOR	1987	2,924 B	\$608,699	\$642,156	\$219.62
ODMR TOTALS			122,312	\$21,874,982	\$22,775,384	\$186.21

The letter between columns 4 and 5 indicate the following:
 B = (B)ase year costs that MUST be inflated by the market basket rate.
 P = (P)artial or first year on program NOT to be inflated.

HCFA-179 # 92-13 Date Rec'd 8-10-92
 Supersedes NEW Date Appr. 3-9-93
 State Rep. In _____ Date Eff. 7-1-92

UNAUDITED COST REPORTS

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FY 1992 INTERIM SETTLEMENT RATE CALCULATION FOR ODMR DEVELOPMENTAL CENTERS

PROVIDER NUMBER	DEVELOPMENTAL CENTER BUILDING NAME	REPORTED PAT DAYS (8)	REPORTED DIRECT COSTS (9)	REPORTED ANCILLARY COSTS (10)	REPORTED CAPITAL COSTS (11)	DIRECT COSTS PER DIEM (12)	112% OF STATEWIDE AVERAGE (13)	DIRECT OR 112% OF AVERAGE (14)
0123456	APPLEBEE'S	25,187	\$4,680,565	\$289,156	\$180,334	\$185.83	\$220.00	\$185.83
0147852	STATE ROAD	35,264	\$6,388,062	\$413,394	\$290,647	\$181.15	\$220.00	\$181.15
0589614	THE BRIDGE	32,940	\$6,425,719	\$153,267	\$345,756	\$195.07	\$220.00	\$195.07
0365874	THE NEW START	5,779	\$1,001,971	\$54,382	\$86,073	\$173.38	\$220.00	\$173.38
0854123	BEGINNER'S COLLEGE	17,924	\$4,491,349	\$64,605	\$92,110	\$250.58	\$220.00	\$220.00
0951843	GARFIELD MANOR	2,873	\$553,280	\$9,841	\$51,058	\$192.58	\$220.00	\$192.58

ODMR TOTALS----=> 119,967 \$23,540,946 \$984,645 \$1,045,978 \$196.23 \$220.00 \$196.23

AVERAGE----=> \$196.43 \$220.00 \$191.34
STATEWIDE AVERAGE

HCFA-179 # 92-13 Date Rec'd 8-10-92
 Supersedes NEW Date Appr. 3-9-93
 State Rep. In _____ Date Eff. 7-1-92

UNAUDITED COST REPORTS

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FY 1992 INTERIM SETTLEMENT RATE CALCULATION FOR ODMR DEVELOPMENTAL CENTERS

PROVIDER NUMBER	DEVELOPMENTAL CENTER BUILDING NAME	DIRECT OR 112% OF AVERAGE (14)	PROPOSED CEILING (15)	ALLOWABLE PER DIEM (16)	ANCILLARY COSTS PER DIEM (17)	CAPITAL COSTS PER DIEM (18)	INTERIM SETTLEMENT PER DIEM (19)	INTERIM RATE PAID (20)	RATE OVER (UNDER) PAID (21)	SETTLEMENT DUE ODMR (PROVIDER) (22)
0123456	APPLEBEE'S	\$185.83	\$171.05	\$171.05	\$11.48	\$7.16	\$189.69	\$188.24	(\$1.45)	(\$26,521)
0147852	STATE ROAD	\$181.15	\$181.82	\$181.15	\$11.72	\$8.24	\$201.11	\$198.65	(\$2.46)	(\$86,249)
0589614	THE BRIDGE	\$195.07	\$168.18	\$168.18	\$4.65	\$10.50	\$183.33	\$185.71	\$2.38	\$78,397
0365874	THE NEW START	\$173.38	\$173.38	\$173.38	\$9.41	\$14.89	\$197.68	\$199.83	\$2.15	\$12,425
0854123	BEGINNER'S COLLEGE	\$220.00	\$250.58	\$220.00	\$3.60	\$5.14	\$228.74	\$215.46	(\$13.28)	(\$238,951)
0951843	GARFIELD MANOR	\$192.58	\$219.62	\$192.58	\$3.43	\$17.77	\$213.78	\$217.55	\$3.77	\$10,801

ODMR TOTALS----=> \$196.23 \$186.21 \$186.21 \$8.21 \$8.72 \$203.14 (\$259,548)

AVERAGE----=> \$191.34 \$194.11 \$184.39 \$7.38 \$10.62 \$202.39 \$200.91 (\$1.48) \$47,275

Please read the notes to this calculation.

HCFA-179 # 92-13 Date Rec'd 8-10-92
 Supersedes NEW Date Appr. 3-9-93
 State Rep. In _____ Date Est 7-1-87

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NOTES TO THE RATE SETTING
FISCAL YEAR 1992

- COLUMN 6 - Is FY 1988 adjusted market basket (column 5) inflated by the rate of increase calculated on page 1.
- COLUMN 7 - Is the inflated base direct care costs (column 6) divided by base year patient days (column 4)
- COLUMN 12 - Is the reported per diem of the fiscal year calculated by dividing the reported costs (column 9) by reported days (column 8). The arithmetic mean is calculated at the bottom of this column.
- COLUMN 13 - Is 112% of the arithmetic mean of the direct care per diem of the ODMR/DD facilities and MI/MR units of ODMH as calculated in column 12.
- COLUMN 14 - Is the lower of direct care costs per diem (col 12) or the upper limit of reasonableness (col 13).
- COLUMN 15 - Is the ceiling per diem calculated in column 7.
- COLUMN 16 - Is the lower of column 14 or the proposed direct care cost ceiling per diem (column 15).
- COLUMN 19 - Is the total of columns 16, 17, and 18. This rate will be retroactively adjusted back to July 1 of the fiscal year.
- COLUMN 22 - Is the amount each developmental center was over/under paid for the fiscal year. This amount will be recovered automatically when the rate is adjusted retroactively to the beginning of the fiscal year.

HCFA-179 # 92-13 Date Rec'd 8-10-92
 Supercedes _____ Date Appr. 3-9-93
 State Rep. In _____ Date Eff. 7-1-92

5101:3-3-511
Page 1 of 30

5101:3-3-511 CAPITAL ASSET AND DEPRECIATION GUIDELINES - NURSING FACILITIES (NFS).

- (A) A PER DIEM FOR DEPRECIATION ON BUILDINGS, COMPONENTS, AND EQUIPMENT USED IN THE PROVISION OF PATIENT CARE THAT ARE NOT REIMBURSABLE BY MEDICAID DIRECTLY TO THE MEDICAL EQUIPMENT SUPPLIER, IN ACCORDANCE WITH RULE 5101:3-3-19 OF THE ADMINISTRATIVE CODE IS AN ALLOWABLE COST.
- (B) FOR PURPOSES OF DETERMINING IF AN EXPENDITURE SHOULD BE CAPITALIZED, THE FOLLOWING GUIDELINES ARE UTILIZED:
- (1) ANY EXPENDITURE FOR AN ITEM THAT COSTS FIVE HUNDRED DOLLARS OR MORE AND HAS A USEFUL LIFE OF TWO OR MORE YEARS PER ITEM MUST BE CAPITALIZED AND DEPRECIATED OVER THE ASSET'S USEFUL LIFE.
- (2) A PROVIDER MAY USE A CAPITALIZATION POLICY LESS THAN FIVE HUNDRED DOLLARS PER ITEM, BUT IS REQUIRED TO OBTAIN PRIOR APPROVAL FROM THE OHIO DEPARTMENT OF HUMAN SERVICES (ODHS) IF THE PROVIDER WISHES TO CHANGE ITS CAPITALIZATION POLICY FROM ITS INITIAL CAPITALIZATION POLICY.
- (C) ALL CAPITAL ASSETS SHALL BE DEPRECIATED USING THE STRAIGHT-LINE METHOD OF DEPRECIATION.
- (D) FOR PURPOSES OF DETERMINING THE USEFUL LIFE OF A CAPITAL ASSET, NFS SHALL USE THE TABLE AS SET FORTH IN APPENDIX A OF THIS RULE OR A DIFFERENT USEFUL LIFE IF APPROVED BY ODHS. IF A CAPITAL ASSET IS NOT REFLECTED ON THE TABLE AS SET FORTH IN APPENDIX A OF THIS RULE, THE INTERNAL REVENUE GUIDELINES SHALL BE USED FOR PURPOSES OF DETERMINING THE USEFUL LIFE OF THAT CAPITAL ASSET.
- (E) THE FOLLOWING DEPRECIATION CONVENTIONS SHALL BE USED TO CALCULATE DEPRECIATION:
- (1) FOR THE SIX MONTH PERIOD BEGINNING JULY 1, 1993, CAPITAL ASSETS SHALL BE DEPRECIATED USING CONVENTIONS IN PLACE PRIOR TO JULY 1, 1993.

INS # 94-07 APPROVAL DATE JUN 28 1994
SUPERSEDES
TNS # 93-024 EFFECTIVE DATE 10/1/94

5101:3-3-511
Page 2 of 30

- (2) FOR THE CALENDAR YEAR 1994 AND EACH CALENDAR YEAR THEREAFTER, IN THE MONTH THAT A CAPITAL ASSET IS PLACED INTO SERVICE, NO DEPRECIATION EXPENSE IS RECOGNIZED AS AN ALLOWABLE EXPENSE. A FULL MONTH'S DEPRECIATION EXPENSE IS RECOGNIZED IN THE MONTH FOLLOWING THE MONTH THE ASSET IS PLACED INTO SERVICE.
- (F) THE DISPOSAL OF ASSETS SHALL BE ACCOUNTED FOR AS FOLLOWS:
- (1) FOR ASSETS NOT ACQUIRED THROUGH A CHANGE IN OWNERSHIP, IN THE MONTH THAT THE CAPITAL ASSET IS DISPOSED, IF THE CAPITAL ASSET IS NOT FULLY DEPRECIATED, THE ALLOWABLE DEPRECIATION EXPENSE IS RECOGNIZED AS IT IS DEFINED IN SECTION 132 OF THE HEALTH CARE FINANCING ADMINISTRATION (HCFA) PUBLICATION 15-1. AT NO TIME SHALL AN ASSET BE DEPRECIATED MORE THAN ITS ADJUSTED BASIS; OR
- (2) FOR ASSETS ACQUIRED THROUGH A CHANGE IN OWNERSHIP, THERE SHALL BE NO RECOGNITION OF THE DISPOSAL OF INDIVIDUAL ASSETS. AT THE TIME OF A SUBSEQUENT CHANGE OF OWNERSHIP THE DISPOSAL OF ALL ASSETS ACQUIRED THROUGH A CHANGE OF OWNERSHIP SHALL BE RECOGNIZED.
- (G) PROVIDERS SHALL MAINTAIN THE FOLLOWING PROPERTY RECORDS:
- (1) FOR ASSETS NOT ACQUIRED THROUGH A CHANGE IN OWNERSHIP, DETAILED DEPRECIATION SCHEDULES LISTING EACH ASSETS REQUIRED; OR
- (2) FOR ASSETS ACQUIRED THROUGH A CHANGE IN OWNERSHIP:
- (1) DEPRECIATION SCHEDULES ON A LUMP SUM BASIS FOR LAND, BUILDING, AND EQUIPMENT; AND
- (2) A LIST OF ALL ASSETS DISPOSED AFTER THE CHANGE IN OWNERSHIP WITH THE APPLICABLE DATES OF DISPOSAL.

TNS # 94-07 APPROVAL DATE 2.8.1994
SUPERSEDES
TNS # 93-024 EFFECTIVE DATE 10/1/94

ESTIMATED USEFUL LIVES OF CAPITAL ASSETS

USEFUL LIFE

LAND IMPROVEMENTS

BUMPERS	5
CULVERTS	18
FENCING	
BRICK OR STONE	25
CHAIN-LINK	15
WIRE	5
WOOD	8
FLAG POLE	20
GUARD RAILS	15
HEATED PAVEMENT	10
LANDSCAPING	10
LAWN SPRINKLER SYSTEM	15
PARKING LOT, OPEN-WALL	20
PARKING LOT GATE/S	3
PARKING LOT STRIPING	2
PAVING (INCLUDING ROADWAYS, WALKS, AND PARKING)	
ASPHALT	8
BRICK	20
CONCRETE	15
GRAVEL	5
RETAINING WALL	20
SEPTIC SYSTEM	15
SHRUBS AND LAWNS	5
SIGNS, METAL OR ELECTRIC	10
SNOW-MELTING SYSTEM	5
TREES	20
TURF, ARTIFICIAL	5
UNDERGROUND UTILITIES	
SEWER LINES	25
WATER WELLS	25
WATER WELLS	25
YARD LIGHTING	15

TNS # 94-87 APPROVAL DATE JUN 28 1994
SUPERSEDES
TNS # 93-024 EFFECTIVE DATE 10/1/94

5101:3-3-511
Page 4 of 30

APPENDIX A
ENACTED

ESTIMATED USEFUL LIVES OF CAPITAL ASSETS

	<u>USEFUL LIFE</u>
<u>BUILDINGS - ALL</u>	40
 <u>BUILDING COMPONENTS</u>	
CANOPIES	15
CARPENTRY WORK	15
CAULKING	10
CEILING FINISHES	
GYPSUM	10
PLASTER	12
COMPUTER FLOORING	10
CORNER GUARDS	10
CUBICLE TRACKS	20
DESIGNATION SIGNS	5
DOORS AND FRAMES	
AUTOMATIC	10
HOLLOW METAL	20
WOOD	15
DRAPERY TRACKS	10
DRILLED PIERS	40
FLOOR FINISHES	
CARPET	5
CERAMIC	20
CONCRETE	20
QUARRY	20
TERRAZZO	15
VINYL	10
FOLDING PARTITIONS	10
INTERIOR FINISHES	15
LOADING DOCK BUMPERS AND LEVELERS	10
MILLWORK	15
OVERHEAD DOORS	10
PARTITIONS, INTERIOR	15
PARTITIONS, TOILET	20

TNS # 94-07 APPROVAL DATE JUN 28 1994
 SUPERSEDES
 TNS # 93-024 EFFECTIVE DATE 10/1/94