

INTERMEDIATE CARE FACILITIES
FOR
MENTALLY RETARDED
AND
OTHER DEVELOPMENTALLY DISABLED PERSONS (ICFs/MR)

Reimbursement for services provided by Intermediate Care Facilities for the Mentally Retarded (ICFs/MR) for Medicaid recipients is made by the Mental Health and Developmental Disability Services Division (the Division). The Division determines rates in accordance with the following principles, methods, and standards which comply with 42 CFR 447.250 through 447.256.

I. Reimbursement Principles

The payment methodology for ICFs/MR is based on the following:

- A. Development of model budgets which represent 100% of the reasonable costs of an economically and efficiently operated facility;
- B. Annual review and analysis of allowable costs;
- C. The use of interim rates (per diem) and retroactive year-end cost settlements, capped by a maximum allowable cost for each facility based on the type of facility and resident classification; and
- D. The lower of allowable costs or maximum costs.

II. Classification of ICF/MR Facilities

Three classes of ICFs/MR have been established based on classification of residents, size of the facility, and staffing requirements.

- A. "Small Residential Training Facility" (SRTF) means a Title XIX certified facility having fifteen or less beds and providing active treatment.
- B. "Large Residential Training Facility" (LRTF) means a Title XIX certified facility having from 16 to 199 beds that provides active treatment. The LRTF model budget may be applicable to a SRTF which is constructed and programmed to serve residents who are not capable of self-preservation in emergency situations.

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C. "Full Service Residential Training Facility" (FSRTF) means a facility having 200 or more certified ICF/MR beds providing the full range of active medical and day treatment services required in state and federal rules and regulations. The facility may be less than 200 beds if it meets all of the following criteria:

1. It is a certified ICF/MR and is licensed as a nursing home for the mentally retarded;
2. It serves a high percentage of clients who are non-ambulatory, medically fragile or in some other way seriously involved;
3. Its location is such that professionals with the knowledge of medical and dental needs of people with severe mental and physical handicaps are not generally available and must be hired as permanent staff;
4. It serves any and all clients referred by the Division.

III. Classification of Residents

The classification of each resident in an ICF/MR is determined by use of the Division's Resident Classification Instrument.

- A. "Class A" includes any of the following:
1. Children under six years of age;
 2. Severely and profoundly retarded residents;
 3. Severely physically handicapped residents; and/or
 4. Residents who are aggressive, assaultive or security risks, or manifest severely hyperactive or psychotic-like behavior.
- B. "Class B" includes moderately mentally retarded residents requiring habilitative training.
- C. "Class C" includes residents in vocational training programs or sheltered employment. These training programs or work situations must be an integral part of the resident's active treatment program.

IV. Rate Setting - SRTFs and LRTFs

- A. For each SRTF and LRTF, the Division develops an interim rate based upon the actual licensed capacity and staffing ratios

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required under the administrative rules to serve the anticipated mix of class A, B, and C residents. See pages 7 through 10 of this portion of the State plan for examples of the model interim rate worksheets. Each interim rate is calculated as the lesser of the facility's model budget rate (1) or projected net per diem cost (2).

1. The model budget represents 100% of reasonable per diem costs of efficiently and economically operated facilities of that size.
 - a. The model budget consists of two major cost categories: Base Costs and Labor Costs.
 - i. Base Costs (e.g., rent, utilities, administration, general overhead) are based on amounts determined by the State to be reasonable in similar sizes and types of residential facilities. The model budget rate consists of a standard per diem rate per resident for each class of facility.
 - ii. Labor Costs (e.g., for direct care, active treatment, and support staff) are broken into various components. The model budget cost for each component is developed based on requirements in federal regulations, State regulations, the State's experience in State-operated ICFs/MR, and costs determined to be reasonable in similar facilities. Each component within the labor category has a model budget rate developed.
 - b. The facility's model budget rate is adjusted by the most recently available resident occupancy information, but not lower than 95% of the facility's licensed bed capacity.
 - i. The model budget rate at 100% occupancy is multiplied by the number of resident days at 100% occupancy to yield the ceiling amount in dollars.
 - ii. The ceiling amount is divided by the greater of:

The number of resident days projected for the facility for the upcoming fiscal period; or

95% of the total possible resident days available for a facility of that licensed capacity for the fiscal period.
 - c. Model budgets for SRTFs and LRTFs are reviewed annually and adjustments are made based on inflation, economic

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trends or other evidence supporting rate changes, such as directives from the legislature or changes in program design.

- d. Model budgets will be rebased as a result of desk or field audits of the providers' cost statements.
2. The projected net per diem cost is usually derived from the facility's latest ICF/MR Cost Statement, revised to include any adjustments applied to the per diem reimbursement rate schedule for subsequent periods. Adjustments have historically fallen into four categories:
 - a. Corrections to depreciation;
 - b. Modifications of indirect cost allocations;
 - c. Unallowable costs; or
 - d. Offsets of expenses against income and donations as described in the administrative rules.

However, if requested by the facility and agreed to by the Division, the facility may substitute actual allowable costs gathered from at least three months of data more recent than the latest ICF/MR Cost Statement, revised to include any adjustments applied to the per diem reimbursement rate schedule for subsequent periods.

- a. The Division will consider recent data which is the equivalent of an interim cost report by the facility.
 - b. The Division will compare actual allowable costs derived from the recent data with the model budget rate and will assign a new interim rate based upon the lesser of the two.
3. The facility or the Division may request a per diem rate adjustment if a significant change in allowable costs can be substantiated.
 4. The Division pays an interim rate to each SRTF and LRTF through the end of each fiscal year. The actual (final) payment, called the year-end settlement, is discussed in part B of this section.

In the year-end settlement, the Division takes into account the interim rate payments already made and compares those payments with the settlement rate.

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B. For each SRTF and LRTF, the Division establishes a year-end settlement rate on a retrospective basis for the period covered by the respective cost statements and issues an official notice to each facility indicating the exact amount of the retroactive settlement. The settlement rate is calculated as the lower of the ceiling rate (1) or the actual net per diem cost (2):

1. Ceiling rate: The facility's model budget rate will be revised, using the worksheets shown at pages 8 through 10 of this portion of the State plan, to reflect the actual number and classification of residents for the period. The product of the resulting revised rate at 100% occupancy and the number of resident days at 100% occupancy shall be the ceiling amount in dollars. The quotient of the ceiling amount and actual resident days in the period will be the ceiling rate subject to the following modifications:

a. If the facility is occupied at 95% or more of its licensed bed capacity in the area designated for ICF/MR services, the quotient of the ceiling amount and actual resident days in the period shall be the ceiling rate.

b. If the facility is occupied at less than 95% of its licensed bed capacity in the area designated for ICF/MR services, the quotient of the ceiling amount and product of 95% of the licensed bed capacity and the number of calendar days in the fiscal period shall be the ceiling rate.

2. Actual net per diem cost The quotient of actual allowable costs, as adjusted in accordance with this plan, and actual resident days for the period, shall be the actual net per diem cost.

3. The methodology for calculating the year-end settlement rate and amount for SRTFs and LRTFs is shown on pages 11 and 12 of this portion of the State plan.

V. Rate Setting - FSRTFs

A. For each FSRTF, the Division develops an interim rate based on the facility's projected costs. The facility or the Division may request a rate adjustment if the basis for the prospective rate has changed and a significant change in projected costs can be substantiated.

B. For each FSRTF, the Division develops a year-end settlement rate based upon actual costs.

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VI. Costs and Services Billed

- A. Reimbursement by the Division is based on an all-inclusive rate, which constitutes payment in full for ICF/MR services. The rate established for an ICF/MR includes reimbursement for services, supplies, and facility equipment required for care by state and federal standards. Payment for costs outside of the all inclusive rate may be authorized in specific circumstances according to criteria established in Oregon Administrative Rules. These include: the circumstance of an individual admitted to or residing in a privately operated ICF/MR who needs diversion or crisis services in order to avoid admission to a state-operated ICF/MR; the circumstance of an individual not admitted to, but residing in, a privately operated ICF/MR who is occupying a vacant or reserved bed and needs diversion or crisis services; and the circumstance of costs incurred which are related to the approved plan for diversion or crisis services.
- B. Billings to the Division shall in no case exceed the customary charges to private clients for any like item or service charged by the facility.
- C. The Division may make a reserved bed payment for those residents whose Individual Program Plan provides for home visits and/or development of community living skills. Reserved bed payments may be made for temporary absences due to hospitalization or convalescence in a nursing facility. Reserved bed payments shall be limited to 14 days in any 30 day period unless prior authorized by the Division. Reimbursement will only be made to providers who accept Title XIX payment as payment in full.

VII. Cost Statements Audited

The Division shall audit each ICF/MR cost statement within six (6) months after it has been properly completed and filed with the Division. The audit will be performed either by desk review or field visit.

VIII. Provider Appeals

A letter will be sent notifying the provider of the interim per diem rate and/or the year-end settlement rate. Providers shall notify the Division in writing within 15 days of receipt of the letter, if the provider wishes to appeal the rate. Letters of approval must be postmarked within the 15 day limit.

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EXAMPLE ONLY

Calculation of Interim Rate
 July 1, 1991

Cost From Fiscal Year 1989-90 Audit Report	\$ 96.69 (1)
July 1, 1990 Inflation Factor	1.04
	100.56
July 1, 1991 Inflation Factor	1.044
Projected Net Per Diem Cost	\$104.98 =====
Adjusted Model Budget Rate	\$99.50 =====
Lower Amount is New Interim Rate	\$99.50 =====

(1) Cost statement and desk review for
 FY 1990-91 not available at time of interim
 rate calculation.

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INTERIM RATE
 FOR JULY 1, 1991

EXAMPLE ONLY

Catagory	Original Model Budget	Adjustments	Adjusted Model Budget
I Base Costs	\$0.00	\$0.00	\$0.00
II Administration			
A. Administrator	0.00		0.00
B. Assistant Administrator	0.00		0.00
C. Other Administration	0.00		0.00
Sub-Total	0.00	0.00	0.00
III Active Treatment			
A. Psychology	0.00		0.00
B. Social Work	0.00		0.00
C. Speech Therapy	0.00		0.00
D. Physical Therapy	0.00	0.00 3.	0.00
E. Occupational Therapy	0.00		0.00
F. Recreational Therapy	0.00		0.00
Sub-Total	0.00	0.00	0.00
IV Direct Care Staffing	0		0
A. Direct Care Staff	0.00	0.00 4.	0.00
B. Supervisory Staff	0.00	0.00 5.	0.00
Sub-Total	0.00	0.00	0.00
V Other Staff			
A. Skill Trainer/QMRP	0.00		0.00
B. Nursing	0.00		0.00
C. Pharmacist	0.00		0.00
D. Dentist	0.00		0.00
E. Dietitian	0.00		0.00
F. Food Service	0.00		0.00
G. Laundry	0.00		0.00
H. Housekeeping	0.00		0.00
I. Maintenance	0.00		0.00
J. In-Service Training	0.00		0.00
K. Receiving/Warehousing	0.00		0.00
Sub-Total	0.00	0.00	0.00
VI Medical Services	0.00	0.00	0.00
VII Day Programs	0.00	0.00	0.00
TOTAL	\$0.00	\$0.00	\$0.00

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INTERIM RATE
 FOR JULY 1, 19

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1. Period	Days in Period	X	Licensed Beds	=	Capacity Days
7-1-90 thru 6-30-91	365		0		0

2. Residents by Classification (By Cottage)	Resident Days	/	Days in Period	=	Average Residents by Classification
A.	0		365		0.00
B.	0		365		0.00
C.			365		0.00
Total	0		365		0.00

3. Physical Therapy Classification	Hours Per Day per Resident	X	Average Residents Per Day	=	Resident Hours Per Day
A.	0.11		0.00		0.00
B.	0.04		0.00		0.00
C.	0.01		0.00		0.00
Total	0.16		0.00		0.00

Hourly Rate 14.04

Daily Rate (Total * Hourly Rate) 0.00

Average Residents per Day 0

Per Resident Day (Daily Rate * Average Residents)

Per Resident Day Adjustment 1.16

Total per Resident Day

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INTERIM RATE
 FOR JULY 1, 19

EXAMPLE ONLY

4. Direct Care Staff

Classification	Average Res. Days	/=	Shift	/=	Shift	/=	Shift	Total
=====	=====		=====		=====		=====	=====
A.	0	8	0.000	8	0.000	16	0.000	
B.	0	16	0.000	8	0.000	16	0.000	
C.	0	32	0.000	16	0.000	32	0.000	
Total	0		0.000		0.000		0.000	
Rounded Total			0		0		0	= 0
Posting Factor							X	1.63
Total Staff								0.00
Rounded								1

0 Staff X 40 Hrs X 52 Wks / 365 Days / 84 Avg Res Per Day
 X \$6.26 Hourly Rate X 1.2395 OPE = 0.00 Rate Per Resident Day.

5. Direct Care Supervisory Staff

0 Direct Care Staff / 7 = 0.00 Supervisors Rounded 0
 0 Staff X 40 Hrs X 52 Wks / 365 Days / 84.00 Avg Res Per Day
 X \$6.16 Hourly Rate X 1.2395 OPE = 0.00 Rate Per Resident Day.

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