DEPARTMENT OF HEALTH AND HUMAN SERVICES
HEALTH CARE FINANCING ADMINISTRATION **REVISED MARCH 2004**

FORM APPROVED
OMB NO. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: CENTERS FOR MEDICAID AND MEDICAID SERVICES

1. TRANSMITTAL NUMBER: **03-024**

2. STATE **Ohio**

3. PROGRAM IDENTIFICATION: **TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)**

TO: **REGIONAL ADMINISTRATOR**
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
January 1, 2004

5. TYPE OF PLAN MATERIAL *(Check One)*:

☐ NEW STATE PLAN ☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN ☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT *(Separate Transmittal for each amendment)*

6. FEDERAL STATUTE/REGULATION CITATION:
42CFR430.12(c)

7. FEDERAL BUDGET IMPACT:
a. FFY **2004** $ -17,000,000
b. FFY **2005** $ -37,500,000

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Attachment 4.19-B, Item 13, d.3. "Rehabilitative Services Provided by Habilitation Centers" Pages 1 through 9.

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*:
Ohio (03-024)
Approved: 11/04/04
effective: 01/01/04

10. SUBJECT OF AMENDMENT:
Rehabilitation Services Provided by Habilitation Centers.

11. 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: **Governor has delegated authority to ODJFS Director**

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME: **Thomas J. Hayes**

14. TITLE: **Director**

15. DATE SUBMITTED:
September 10, 2004

16. RETURN TO:
Mel Borkan, Assistant Deputy Director
Office of Ohio Health Plans
30 East Broad Street, 31st Floor
Columbus, Ohio 43215-3414

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18. DATE APPROVED: 11/04/04

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:
January 1, 2004 to December 31, 2004

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:

22. TITLE:

23. REMARKS:

FORM HCFA-179 (07-92)

13. Other diagnostic, screening, preventive, and rehabilitative services, i.e., other than those provided elsewhere in the plan. (Continued)

d. Rehabilitative services. (Continued)

3. REHABILITATIVE SERVICES PROVIDED BY HABILITATION CENTERS

Rehabilitative services provided hereunder pursuant to the provisions of 42 CFR 440.130(d) are those services provided to Medicaid eligible individuals by nonprofit, public, or proprietary, free-standing Habilitation Centers certified by the Department of Mental Retardation and Developmental Disabilities. The services must be primarily medical in nature and will include preventative, diagnostic, therapeutic, rehabilitative, palliative, or remedial services recommended by a physician, or other practitioner of the healing arts within the scope of his practice under state law.

Covered services are to be provided to individuals who require a coordinated plan of treatment, or who have been certified by the local education agency (LEA) as being in need of professional health services, including medical, remedial, and rehabilitative services to meet their needs and attain their highest possible functional level. Services are to be provided by Habilitation Centers, either directly or through arrangements, to eligible Medicaid recipients residing in their own homes or in supervised residential settings. The covered services are as follows:

Diagnosis/Assessment and Evaluation Services

Treatment Review and Interdisciplinary Treatment Planning

Physician and Nursing Services

Psychological Testing/Evaluation and Therapy Services

14. Other diagnostic, screening, preventive, and rehabilitative services, i.e., other than those provided elsewhere in the plan. (Continued)

d. Rehabilitative services. (Continued)

3. REHABILITATIVE SERVICES PROVIDED BY HABILITATION CENTERS (Continued)

Counseling and Social Work Services

Occupational Therapy Services

Physical Therapy Services

Speech Therapy and Audiology Services

Nutrition Services

Transportation Services

Coverage for Targeted Case Management (TCM) and Service Coordination is not part of this state plan amendment.

13. Other diagnostic, screening, preventive and rehabilitative services, i.e., other than those provided elsewhere in the plan (Continued)

d. Rehabilitative services (Continued)

3. REHABILITATIVE SERVICES PROVIDED BY HABILITATION CENTERS

Effective Date: Reimbursement methodology for January 1, 2004 – April 4, 2004

ODJFS will establish the fee schedule for Habilitation Center Services, also known as Community Alternative Funding System (CAFS).

1). Methodology:
The CAFS reimbursement to a habilitation center service provider will be based on a tiered fee schedule. The tiered fee schedule is developed according to the following process:

a. Data

Desk reviewed costs and actual total reported units from the provider FY 2000 cost reports (received at ODJFS by 4/30/03), which include all costs for the habilitation center service provider to operate, were identified for each provider. From the cost reports, the rate for each habilitation center service[1] is identified for each provider. Providers with outlier rates, rates that fall outside the range of rates that the middle fifty percent of providers fall within, are identified and removed. The weighted average rate for a county is identified after the outlier rates are eliminated by dividing the cost reported funds for the remaining providers in a county by the total number of units collectively provided by those providers.

b. Creating tier ranges and calculating rates for each tier

1. For each habilitation center service, the weighted average cost rate for each county is ordered lowest to highest.
2. The maximum rate of the lowest tier of all habilitation center services is derived by multiplying the lowest non-outlier county weighted average rate by 1.15 (a 15% increase).

[1] Refer to Table 1 for a description of each habilitation center service.

13. Other diagnostic, screening, preventive and rehabilitative services, i.e., other than those provided elsewhere in the plan (Continued)

d. Rehabilitative services (Continued)

3. REHABILITATIVE SERVICES PROVIDED BY HABILITATION CENTERS

3. The tier rate assigned to the lowest tier is the sum of the lowest non-outlier county weighted average rate and 2/3rd of the difference between the lowest non-outlier county weighted average rate and the maximum rate for the lowest tier range.
4. The minimum rate of the next tier is $.01 more than the maximum rate of the previous tier.
5. Using the minimum rate established in step 3, increase this rate by 15%. This is the maximum rate for the tier range.
6. Steps 3 and 4 are repeated until a tier range is established that encompasses the highest non-outlier county weighted average rate.
7. The tier rate for tier ranges other than the lowest tier range is the sum of the minimum rate of that tier and 2/3rd of the difference between the minimum and the maximum rate of that tier.

c. Inflation of the tiered fee schedule

1. The monthly "Consumer Price Index" (CPI) developed by the U.S. Department of Labor, Bureau of Labor Statistics shall be used to inflate the rates. Specifically, the monthly CPI for services by other medical professionals (excluding physician, dental, and optometry) and for intra-city transportation for all urban consumers shall be identified.
2. The beginning period used to establish the inflation rate shall be June 2000.
3. Using regression analysis, a forecast for the CPI shall be made to August 2004.
4. The rate of change in the CPI for other medical professional services and for transportation from June 2000 – August 2004 shall be identified.
5. The tiered rates for each habilitation center service, with the exception of transportation, shall be increased by the rate of change for other medical professional services.
6. The tiered rates for transportation shall be increased by the rate of change for transportation.

13. Other diagnostic, screening, preventive and rehabilitative services, i.e., other than those provided elsewhere in the plan (Continued)

d. Rehabilitative services (Continued)

3. REHABILITATIVE SERVICES PROVIDED BY HABILITATION CENTERS

d. Assigning rates

The rate ascribed to a county for each unit of habilitation center service provided to an eligible individual will be the adjusted rate for the tier in which the county's weighted average rate for that service is indicated. There are eighty-eight (88) counties in Ohio. There are separate rates for adults and children. Therefore, there are two (2) rates per service per county. Rates for aggregated services are daily rates. When the services are billed as an aggregated rate the methodology is the same as that described for the above referenced time period.

If there is no rate information available for a county for a service, the county will be ascribed the adjusted rate of the middle tier for that service. If a service has an even number of tiers for that service, the adjusted rate of the highest tier of the two middle tiers will be ascribed to the county.

If the county's weighted average rate for a service is beyond the range of the tiered fee schedule, the county will be ascribed the adjusted rate of the middle tier for that service. If there is an even number of tiers for that service, the adjusted rate of the highest tier of the two middle tiers will be ascribed to the county.

For public providers, revenue cannot exceed expenditures and any overpayment shall be recovered.

2). Reimbursement:

When Habilitation Centers provide habilitation center services they shall receive rates as described above. ODJFS will no longer reimburse for physician services through the Habilitation Center program effective with this SPA.

3). Non-federal share:

The non-federal match required to claim Federal financial participation (FFP) is met through the use of public funds appropriated directly from the legislature, along with certified public expenditures (CPEs) or local public monies from county boards of MRDD and participating local public school districts. Public providers are required to expend public funds for the cost of habilitation center services prior to making a claim for the eligible federal share of reimbursement. The protocol for 2004 cost reconciliation includes verification of the eligibility for match of any certified public expenditure.

13. Other diagnostic, screening, preventive and rehabilitative services, i.e., other than those provided elsewhere in the plan (Continued)

d. Rehabilitative services (Continued)

3. REHABILITATIVE SERVICES PROVIDED BY HABILITATION CENTERS

Effective Date: Reimbursement methodology for April 5, 2004 –July 1, 2004

1). Methodology:

The methodology uses individual provider rates established by desk reviewed data from 1999 cost reports received by ODJFS for each of the services contained in Table 1[2]. The rates established are the rates that were in place on December 31, 2003 as part of the approved state plan amendment with the following exceptions:

1. The provider specific rates have been reduced by 1.79% to address potential unallowable costs associated with operational fees that may have been included in some cost reports.
2. New providers and providers who had not yet been assigned rates based on cost reported data are now assigned rates equal to 100% of the statewide average of all provider specific rates for a particular service.

Rates for aggregated services are daily rates. When the services are billed as an aggregated rate the methodology is the same as that described for the above referenced time period.

For public providers, revenue cannot exceed expenditures and any overpayment shall be recovered.

2). Reimbursement:

When Habilitation Centers provide habilitation center services they shall receive rates as described above. ODJFS will no longer reimburse for physician services through the Habilitation Center program with this SPA.

3). Non-federal share:

The non-federal match required to claim Federal financial participation (FFP) is met through the use of public funds appropriated directly from the legislature, along with certified public expenditures (CPEs) or local public monies from county boards of MRDD and participating local public school districts. Public providers are required to expend public funds for the cost of habilitation center services prior to making a claim for the eligible federal share of reimbursement. The protocol for 2004 cost reconciliation includes verification of the eligibility for match of any certified public expenditure.

[2] Refer to Table 1 for a description of each habilitation center service.

13. Other diagnostic, screening, preventive and rehabilitative services, i.e., other than those provided elsewhere in the plan (Continued)

d. Rehabilitative services (Continued)
3. REHABILITATIVE SERVICES PROVIDED BY HABILITATION CENTERS

Effective Date: Reimbursement methodology for July 2, 2004 through September 30, 2004.

1). Methodology:
Refer to the methodology contained in the January 1, 2004 through April 4, 2004 methodology narrative for transportation.

Rates for school-based providers use the same methodology as described for the April 5, 2004 to July 1, 2004 period.

Rates for all other providers are based on rates paid in other Medicaid programs for occupational therapy, physical therapy, speech language pathology and audiology, nursing, psychology, and social work and counseling services. Rates for aggregated services are daily rates. When the services are billed as an aggregated rate the methodology is the same as in the January 1, 2004 to April 4, 2004 time period.

A cost of doing business (CODB) factor is added to the rates based on the location at which the service is provided. The CODB groupings were derived from Title 33 CODB factors.

For all providers, revenue cannot exceed expenditures and any overpayment shall be recovered.

2). Reimbursement:
When Habilitation Centers provide habilitation center services they shall receive rates as described above. ODJFS will no longer reimburse for physician services through the Habilitation Center program with this SPA. ODJFS will no longer reimburse for nutrition services through the Habilitation Center program effective with this SPA.

3). Non-federal share:
The non-federal match required to claim Federal financial participation (FFP) is met through the use of public funds appropriated directly from the legislature, along with certified public expenditures (CPEs) or local public monies from county boards of MRDD and participating local public school districts. Public providers are required to expend public funds for the cost of habilitation center services prior to making a claim for the eligible federal share of reimbursement. The protocol for 2004 cost reconciliation includes verification of the eligibility for match of any certified public expenditure.

13. Other diagnostic, screening, preventive and rehabilitative services, i.e., other than those provided elsewhere in the plan (Continued)

d. Rehabilitative services (Continued)

3. REHABILITATIVE SERVICES PROVIDED BY HABILITATION CENTERS

Effective Date: Reimbursement methodology for October 1, 2004 – December 29, 2004

1). Methodology:
Refer to the methodology contained in the January 1, 2004 through April 4, 2004 methodology narrative for transportation.

Rates for school-based providers use the same methodology as described for the April 5, 2004 to July 1, 2004 period.

Rates for all other providers were based on rates paid in other Medicaid programs for occupational therapy, physical therapy, speech language pathology and audiology, nursing, psychology, and social work and counseling services. Rates for aggregated services are daily rates. When the services are billed as an aggregated rate the methodology is the same as in the January 1, 2004 to April 4, 2004 time period.

The (CODB) factor was removed from the rates.

For all providers, revenue cannot exceed expenditures and any overpayment shall be recovered.

2). Reimbursement:
When Habilitation Centers provide habilitation center services they shall receive rates as described above. ODJFS will no longer reimburse for physician services and nutrition services through the Habilitation Center program with this SPA.

3). Non-federal share:
The non-federal match required to claim Federal financial participation (FFP) is met through the use of public funds appropriated directly from the legislature, along with certified public expenditures (CPEs) or local public monies from county boards of MRDD and participating local public school districts. Public providers are required to expend public funds for the cost of habilitation center services prior to making a claim for the eligible federal share of reimbursement. The protocol for 2004 cost reconciliation includes verification of the eligibility for match of any certified public expenditure.

13. Other diagnostic, screening, preventive and rehabilitative services, i.e., other than those provided elsewhere in the plan (Continued)

d. Rehabilitative services (Continued)

3. REHABILITATIVE SERVICES PROVIDED BY HABILITATION CENTERS

Table 1

Service	Activities	Unit	Providers
Counseling and social work: The application of clinical counseling principles, methods or procedures or specialized knowledge of human development and behavior and social, economic, and cultural systems in directly assisting individuals to improve or restore their capacity for social functioning, the use of psychological interventions and social psychotherapy.	1. Assessment, evaluations and screenings 2. Diagnostic services 3. Treatment and therapy 4. Crisis intervention 5. Consultation	*15 minute	Certified Habilitation Centers
Nursing services: The application of nursing care requiring knowledge, judgment and skill derived from the principles of biological, physical, behavioral, social, and nursing sciences.	1. Nursing diagnosis, evaluations and assessments 2. Treatment and therapy 3. Consultation services 4. Crisis intervention	*15 minute	Certified Habilitation Centers
Occupational therapy: The evaluation of learning and performance skills and the analysis, selection, and adaptation of activities for an individual whose abilities to cope with daily living, perform tasks normally performed at the individual's stage of development, and perform vocational tasks are threatened or impaired by developmental deficiencies, the aging process, environmental deprivation, or physical, psychological, or social injury or illness	1. Diagnosis 2. Assessment 3. Treatment 4. Therapy 5. Consultation	*15 minute	Certified Habilitation Centers

13. Other diagnostic, screening, preventive and rehabilitative services, i.e., other than those provided elsewhere in the plan (Continued)

d. Rehabilitative services (Continued)

3. REHABILITATIVE SERVICES PROVIDED BY HABILITATION CENTERS

Table 1 (continued)

Service	Activities	Unit	Providers
Physical therapy: The evaluation and treatment of a person by physical measures and the use of therapeutic exercises and rehabilitative procedures, with or without assistive devices, for the purpose of preventing, correcting, or alleviating any disability.	1. Diagnosis/Assessment 2. Technique/Therapy 3. Consultation 4. Design, fabrication, revision, education, and instruction in the use of various assistive devices	*15 minute	Certified Habilitation Centers
Psychology services: Rendering or offering to render any service involving the application of psychological procedures for the assessment, diagnosis, prevention, treatment or amelioration of psychological problems or emotional or mental disorders; or for the assessment or improvement of psychological adjustment or functioning of individuals or groups, whether or not there is a diagnosable pre-existing psychological condition.	1. Diagnosis/Assessment 2. Treatment/Therapy 3. Consultation	*15 minute	Certified Habilitation Centers
Speech-language pathology and audiology services: The application of principles, methods, or procedures related to the development and disorders of human communication, including auditory comprehension and processing; oral, pharyngeal or laryngeal sensorimotor competencies; auditory or visual processing; auditory or visual memory and cognition; communication; and assisted augmentative communication treatment and services.	1. Diagnosis/Assessment 2. Treatment/Therapy 3. Consultation	*15 minute	Certified Habilitation Centers

13. Other diagnostic, screening, preventive and rehabilitative services, i.e., other than those provided elsewhere in the plan (Continued)

d. Rehabilitative services (Continued)

3. REHABILITATIVE SERVICES PROVIDED BY HABILITATION CENTERS

Table 1 (continued)

Service	Activities	Unit	Providers
Transportation services: The conveyance of an eligible individual in a vehicle for the purpose of receiving habilitation center services in compliance with federal requirements.	Trip to and/or from the community alternative funding system (CAFS) provider service delivery site	One-way trip	Certified Habilitation Centers
Nutrition services:** Means either a nutritional assessment to develop an individualized nutritional care component of a plan or nutrition counseling provided by a dietician.	1. Assessment 2. Counseling 3. Initial evaluations & assessments 4. Consultation	*15 minute	Certified Habilitation Centers
Aggregated habilitation center services: When aggregated services are billed using the daily rate, they cannot be billed as discrete services.	All habilitation center services excluding transportation.	Daily rate	Certified Habilitation Centers

* A 15 minute unit may be claimed for service duration from eight (8) to twenty-two (22) minutes.
** ODJFS no longer reimburses for nutrition services through the Habilitation Center program effective July 2004.
*** The reimbursement methodologies listed in this SPA also apply to Targeted Case Management and Service Coordination.