

B. Intermediate Care Facilities for the Mentally Retarded – Continued**3. Under 16 Beds:**

- a. Small ICF/MR facilities certified as having 15 beds or fewer will be reimbursed on a prospective uniform class rate system. An inflationary adjustment, determined by the Division to be reasonable and adequate, will be applied to the existing rates and will be implemented by State Plan amendment as warranted by analysis of cost report data. Cost reports will be submitted annually for the preceding calendar year (January 1 – December 31) and will be reviewed prior to establishing new rates. The Division has established the per diem rate of \$182.18 for dates of service beginning July 1, 2009. This 1.9% increase in per diem rate is based on the most currently available Skilled Nursing Facility Total Market Basket inflation data applied as an inflation adjustment to the previous rate.

b. **Provider Fee**

Act 433 of 2009 established the levy of a provider fee on Intermediate Care Facilities for Individuals with Developmental Disabilities. The reimbursement rate paid Under 16 Beds facilities will include a Provider Fee component. The Provider Fee component will be reimbursed at the amount established as the multiplier for the date of service billed.

The Provider Fee component is paid in addition to the rate identified in paragraph a. above.

c. **Enhanced Care Add-On**

The Department recognizes that the current class rate structure limits the providers' ability to invest additional monies for the purpose of improving the quality of care. Additionally the recent increase in the minimum wage (an unfunded federal mandate) will make it difficult for providers to maintain current standards much less improve the quality of care. Therefore the Department will implement an enhanced care add-on in the amount of \$7.02 per day. This enhanced payment will provide additional funds for wage adjustments in the base salaries for new hires and incumbent salaries to address the increase of the federal minimum wage in July 2009. This will also directly increase benefits related to these salary increases such as FICA, LTD, Life insurance, retirement, etc. This add-on will also provide funding for additional initiatives

to improve the quality of care. The following list of items identifies these additional initiatives.

1. Enhanced staff resources for staff development, nursing, psychological and other professional personnel.
2. Enhanced therapy services to meet increasing behavior needs of the aging population being served
3. Enhanced maintenance, housekeeping staff
4. Enhanced direct care staff
5. Generators
6. Enhanced Technology (Computers, teleconferencing, electronic files, electronic time keeping, etc.
7. Software for client programming, client data bases, billing etc.
8. Security cameras/lighting
9. Other items deemed appropriate in providing enhanced care

The Enhanced Care Add-on is paid in addition to the rate components identified in paragraph a. and b. above.

d. Overpayment/Underpayments

Overpayment/underpayments resulting from Section 1-12 administrative errors shall be handled through the vendor payment by recouping overpayments and reimbursing underpayments.

c. Rate Setting

Rates will be established in the following manner: An average per diem cost for Administrative and Operating will be calculated for the facility class. This will be accomplished by determining per diem cost for Administration & Operating for each facility by dividing the actual allowable cost for each facility by their total resident days, adding the individual facility per diem costs and dividing by the number of facilities within the facility class. A ceiling for Administrative and Operating will be set at 105% of the average. A facility will be paid at the lesser of the ceiling or their actual per diem cost plus 10% of the amount calculated as 105% of the average. A per diem cost will be calculated for each facility for Direct Care and Care Related costs. The per diem cost will be calculated by dividing the actual allowable cost for each facility by their total resident days. A facility's per diem cost for Direct Care and Care Related cost and Administrative & Operating cost will be combined to get a facility's total per diem. Once the total per diem by facility has been established, these rates will be adjusted for inflation from the base year to the rate year. In years that the rates are not rebased, existing rates will be adjusted for projected inflation. The Department will use the HCFA Input Price Index (market basket) – Nursing Facilities published quarterly for determining appropriate inflation rates. Facility rates will be rebased periodically at the Department's discretion.

d. Provider Fee

Act 433 of 2009 established the levy of a provider fee on Intermediate Care Facilities for Individuals with Developmental Disabilities. The reimbursement rate paid 16 Bed & Over – Private facilities will include a Provider Fee component. The Provider Fee component will be reimbursed at the amount established as the multiplier for the date of service billed.

e. Enhanced Care Add-On

The Department recognizes that the current rate structure limits the providers' ability to invest additional monies for the purpose of improving the quality of care. Additionally the recent increase in the minimum wage (an unfunded federal mandate) will make it difficult for providers to maintain current standards much less improve the quality of care. Therefore the Department will implement an enhanced care add-on in the amount of \$10.54 per day. This enhanced payment will provide additional funds for

wage adjustments in the base salaries for new hires and incumbent salaries to address the increase of the federal minimum wage in July 2009. This will also directly increase benefits related to these salary increases such as FICA, LTD, Life insurance, retirement, etc. This add-on will also provide funding for additional initiatives to improve the quality of care. The following list of items identifies these additional initiatives.

1. Enhanced staff resources for staff development, nursing, psychological and other professional personnel
2. Enhanced maintenance cost due to the aging of the facilities
3. Enhanced direct care staff and increase in number of staff to meet increased needs of children with autism and other behavior needs in order to maintain a quality standard of care and insure the health and safety of all children being served
4. Enhanced Technology (Computers, teleconferencing, electronic files, electronic time keeping, etc.
5. Software for client programming, client data bases, billing etc.
6. Security cameras/lighting
7. Other items deemed appropriate in providing enhance care

The Enhanced Care Add-on is paid in addition to the rate components identified in paragraph a. and b. above.

f. Rate Justification

Modeling of this methodology produced estimates that each facility identified as efficient and economic (providers operating at or below the median of arrayed non-direct care costs) would receive payment equaling 100% (plus or minus 5%) of that facility's actual allowable cost. Cost coverage in the aggregate is equal to or less than 100% for ICF/MR facilities.