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**Ohio**

**Department of  
Job and Family Services**

**Ted Strickland**, Governor

**Douglas E. Lumpkin**, Director

**Report**

**Of**

**Long Term Care Facilities Trends**

**Intermediate Care Facilities**

**for the**

**Mentally Retarded/Developmentally Disabled**

**December 2010**

**Prepared by:**

**Office of Ohio Health Plans**

**Bureau of Health Services Research**

**Long Term Care Programs Analysis Section**

# Overview of Intermediate Care Facilities for the Mentally Retarded Medicaid Reimbursement

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## *General*

Medicaid certified Intermediate Care Facilities for the Mentally Retarded facilities (ICFs-MR)

History of reimbursement:

Retrospective 1980 - 1991

Semi-prospective 1991 - 1993

Prospective 1993 - Present

Prospective reimbursement system (fiscal year rates based on costs from calendar year preceding the fiscal year)

Cost centers (Direct, Other Protected, Indirect, Capital)

Annual calendar year cost report (establishes state fiscal year rates)

Costs are reported and reimbursed prospectively, fee for service items are direct billed

## *Cost Report*

Calendar year cost report filed by providers within ninety days

Expenses

Days

Revenues

Balance Sheets (Assets & Liabilities)

Expenses reported for entire calendar year for the Medicaid-certified facility

Inpatient days reported for entire calendar year (Medicaid, Medicare, Veterans/Other, Private Pay)

Imputed occupancy requirements (indirect care and capital costs)

## *Cost Centers*

Direct care - wages, benefits, training for RNs, LPNs, nurse aides

Other Protected - medical supplies, real estate taxes, utilities

Indirect care - administrative and general costs (includes incontinence supplies and dietary costs)

Capital - depreciation, interest, and lease on buildings and assets

**[ Note: The Active Treatment Add-On Expense was added to the Direct Care Cost Center beginning with CY 2006. ]**

# Cost Center Components Included In Costs

| Direct Care   | Other Protected  | Indirect Care   | Capital  |
|---|--|---|--|
| <p> <b>Direct Care Staff</b><br/> <b>Administrative Nursing Staff</b><br/> <b>Direct Care Consulting</b><br/> <b>Direct Care Management Fees</b><br/> <b>Direct Care Home Office Exp.</b><br/> <b>Medical Directors</b><br/> <b>Social Services Staff</b><br/> <b>Activities Staff</b><br/> <b>Psychologists</b><br/> <b>Psychology Assistants</b><br/> <b>Social Workers</b><br/> <b>Counselors</b><br/> <b>Habilitation Staff</b><br/> <b>Program Directors</b><br/> <b>Respiratory Therapists</b><br/> <b>Habilitation Supervisors</b><br/> <b>Physical Therapy</b><br/> <b>Occupational Therapy</b><br/> <b>Speech Therapy</b><br/> <b>Audiology</b><br/> <b>Active Treatment Add-On</b> </p> <p> <b>With the exceptions of other persons holding degrees to qualify them to provide therapy</b> </p> | <p> <b>Medical Supplies</b><br/> <b>Real Estate Taxes</b><br/> <b>Franchise Permit Fees</b><br/> <b>Property Taxes</b><br/> <b>Utilities</b><br/> <ul style="list-style-type: none"> <li>- Natural Gas</li> <li>- Fuel Oil</li> <li>- Water</li> <li>- Electricity</li> <li>- Sewage and Refuse</li> </ul> <b>Allocated Other Protected</b><br/> <b>Home Office Costs</b> </p> | <p> <b>Includes costs for all reasonable costs other than direct care costs, other protected costs or capital.</b> </p> <ul style="list-style-type: none"> <li>- habilitation supplies</li> <li>- pharmacy consultants</li> <li>- medical and habilitation records</li> <li>- program supplies</li> <li>- incontinence supplies</li> <li>- food</li> <li>- enterals</li> <li>- dietary personnel and supplies</li> <li>- laundry</li> <li>- housekeeping</li> <li>- security</li> <li>- administration</li> <li>- liability insurance</li> <li>- bookkeeping</li> <li>- purchasing department</li> <li>- human resources</li> <li>- communications</li> <li>- travel</li> <li>- dues</li> <li>- license fees</li> <li>- subscriptions</li> <li>- home office cost not otherwise allocated</li> <li>- legal and accounting fees</li> <li>- minor equipment</li> <li>- maintenance and repairs</li> <li>- advertising (help-wanted &amp; informational)</li> <li>- start-up costs</li> <li>- organizational cost</li> <li>- other interest</li> <li>- property insurance</li> <li>- employee training</li> <li>- staff development</li> <li>- benefits</li> <li>- payroll taxes</li> <li>- workers compensation premiums</li> </ul> | <p> <b>Cost of Ownership</b> </p> <ul style="list-style-type: none"> <li>- depreciation and interest on any capital asset that costs five hundred dollars or more per item</li> <li>- amortization and interest on land improvements and leasehold improvements</li> <li>- amortization of financing costs</li> <li>- lease and rent of land, building and equipment</li> </ul> <p> <b>Nonextensive Renovations</b> </p> <p> <b>Return on Net Equity</b> </p> <ul style="list-style-type: none"> <li>- ceiling of \$1 per resident per day</li> <li>- proprietary facilities only</li> </ul> |
| <p><b>Excluding (directly billed)</b></p>   |  |   |  |

# Notes & Comments

- ▶ CAGR = Compound Annual Growth Rate, which is a statistical calculation used to average out (smooth out) the growth over time; a method of expressing a rate of growth over a number of years (10 years vs. 5 years).
- ▶ Number of Facilities in Report: varies from year to year, depends on how many received from MIS and how many are cleared.
- ▶ Bed Days Available: Is the total number of beds times 365 days in a year (or 366 for Leap Years). (i.e., 100 bed facility X 365 days in a year = 36,500 Bed Days Available)
- ▶ Vacant Bed Days Available: Bed Days Available minus Inpatient Days.
- ▶ Estimated Vacant Beds: Vacant Bed Days Available divided by 365 days. (366 for Leap Years.).
- ▶ Inpatient Days: Sum of Medicaid Days, Private Days, Medicare Days, and Veteran's/Other Days.
- ▶ Medicaid Utilization: Medicaid Days divided by Inpatient Days.
- ▶ Occupancy: Inpatient Days divided by Bed Days Available.
- ▶ **[NOTE: The Active Treatment Add-On Expense was added to the Direct Care Cost Center in 2006.]**

# **ICF-MR**

# **Cost Report Trends**

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**Calendar Years 2000 - 2009**

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- < **Assumptions**
- < **Expense Trends**
- < **Per Diem Trends**
- < **Facility Information**
- < **Utilization Trends**

# Assumptions

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- < **Expenses are as filed by the providers on the cost report**
- < **Population includes all cost reports cleared at a point in time**
  - ↑ **Sample size varies from year to year**
- < **Per diems are calculated by dividing expenses by inpatient days**

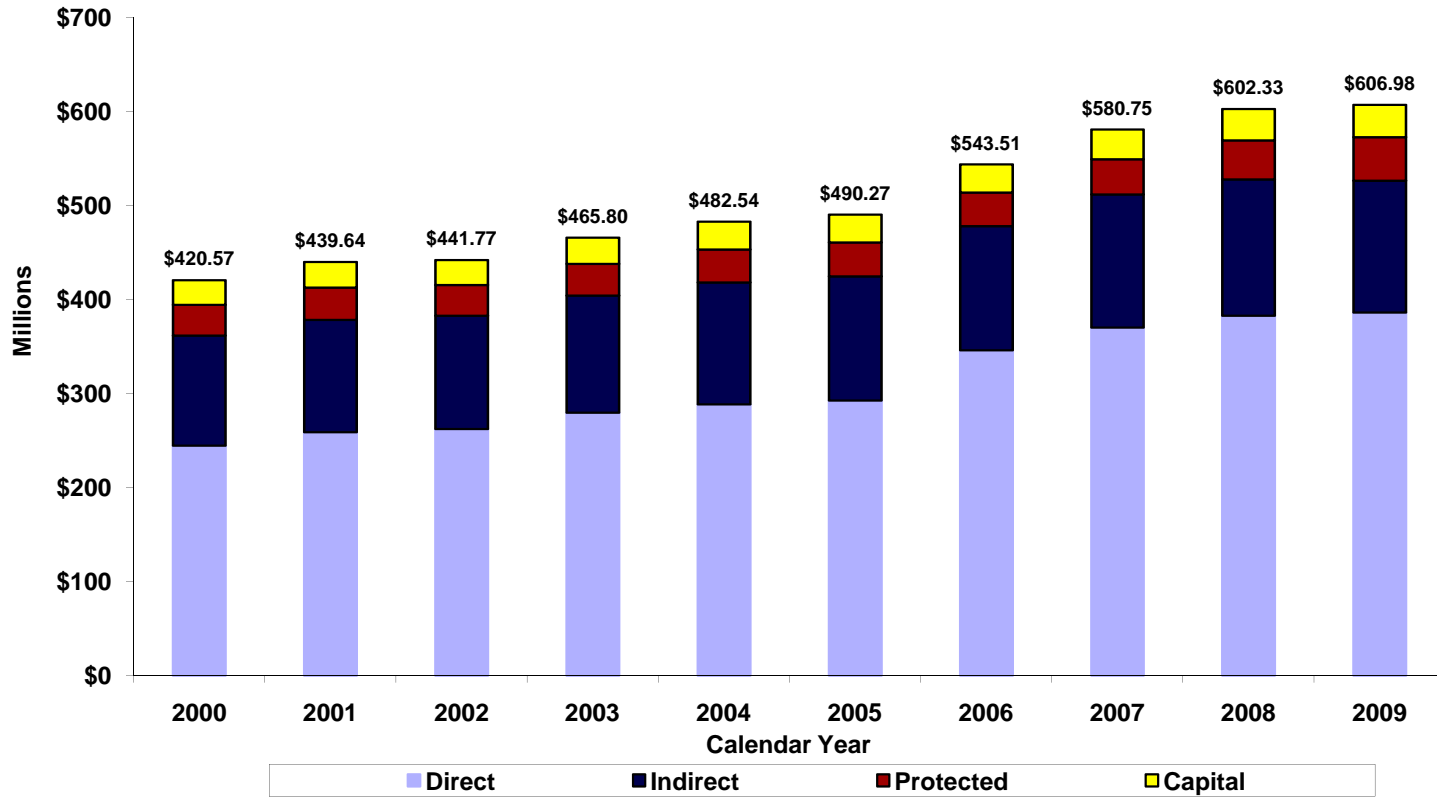
# Expense Trends

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- ▶ **Total expenses**
- ▶ **Direct Care Cost Center \***
- ▶ **Indirect Care Cost Center**
- ▶ **Capital Cost Center**
- ▶ **Protected Cost Center**

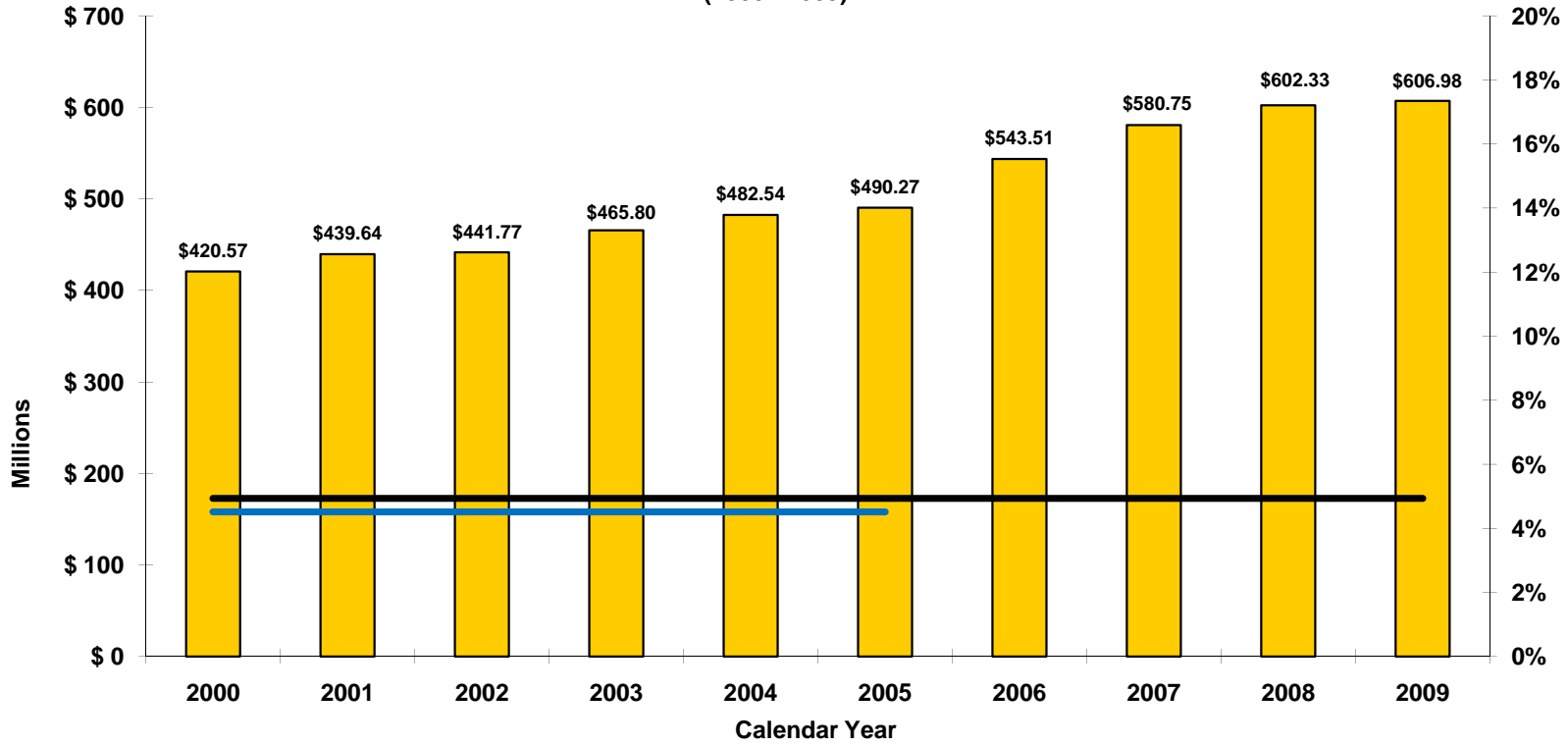
\* As of CY 2006, the Active Treatment Add-On Expense is now part of this Cost Center

### ICF-MR Facilities Total Expense (2000 - 2009)



Note: As of Calendar Year 2006, the Active Treatment add-on expense is now part of the Direct Care Cost Center.

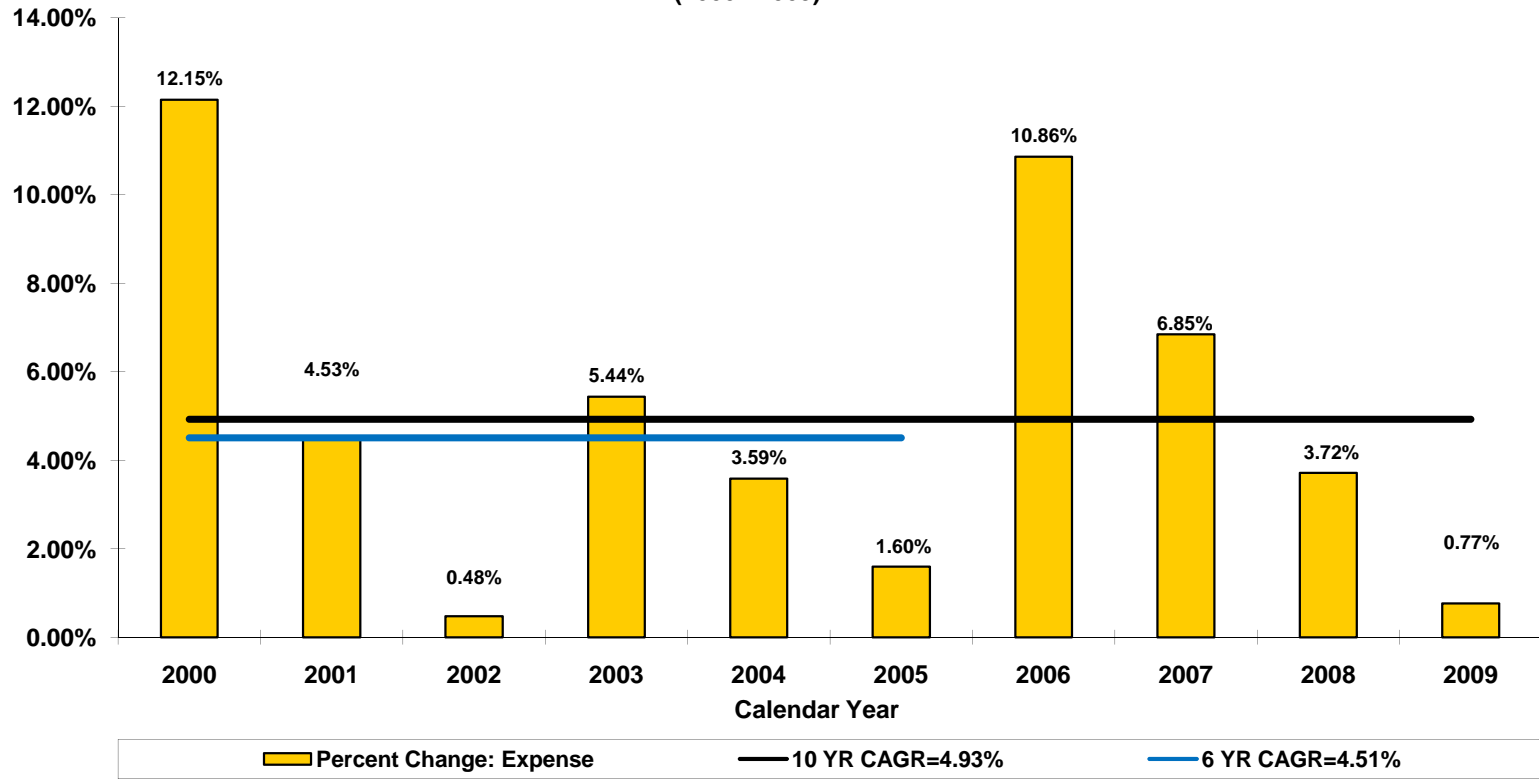
### ICF-MR Facilities Total Expense (2000 - 2009)



Total Expense
  10 YR CAGR=4.93%
  6 YR CAGR=4.51%

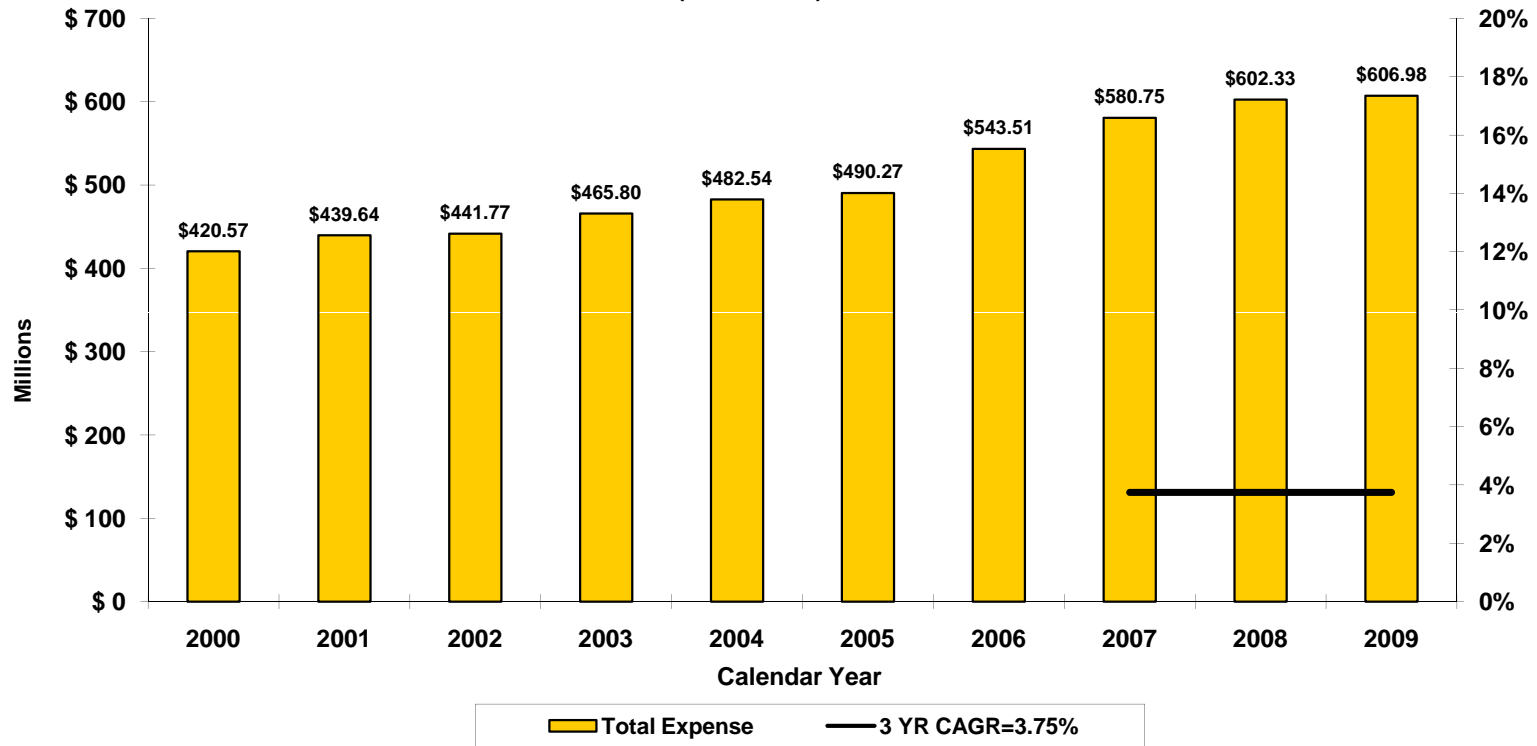
Note: As of Calendar Year 2006, the Active Treatment add-on expense is part of the Direct Care Cost Center

### ICF-MR Facilities Total Expense (2000 - 2009)



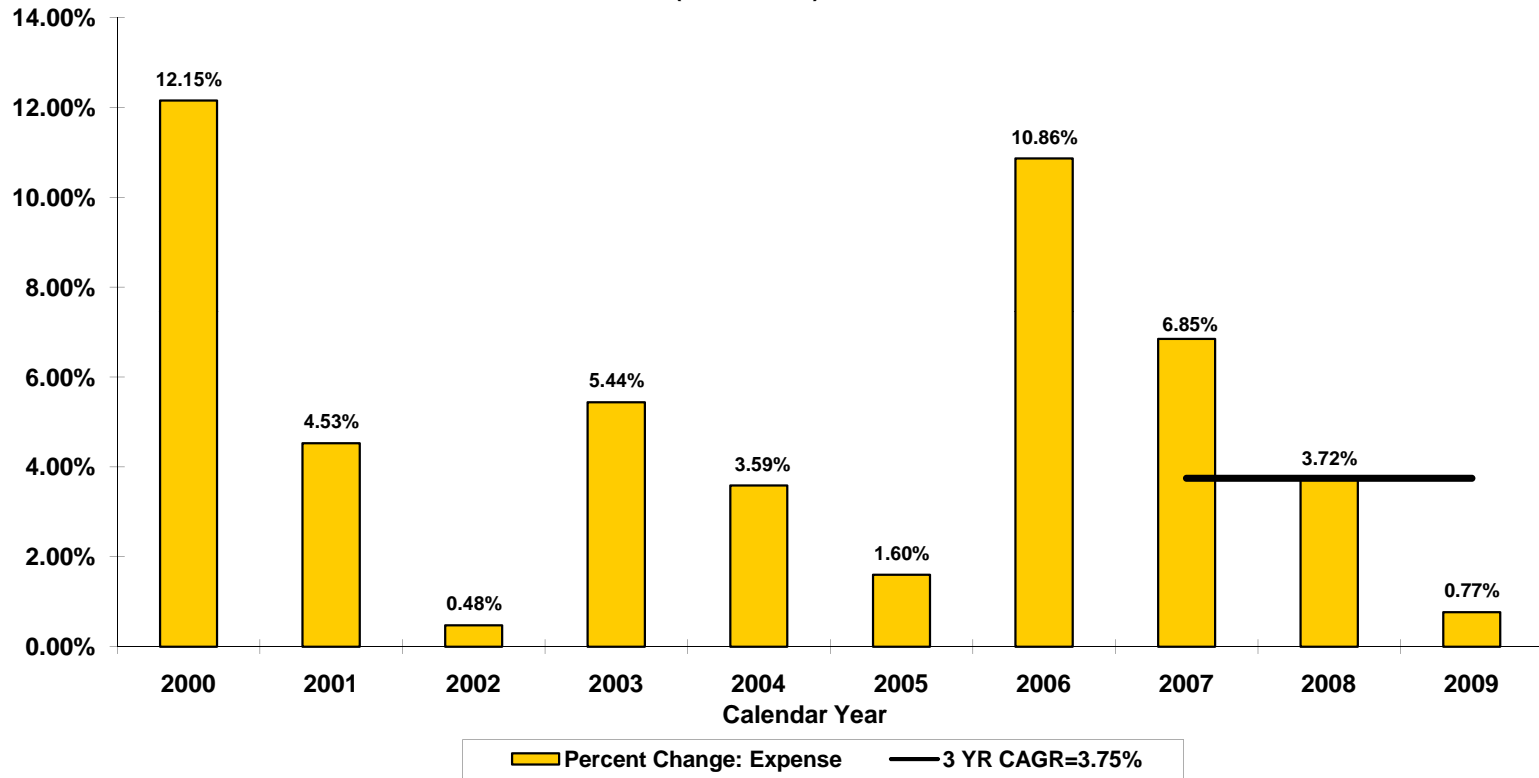
Note: As of Calendar Year 2006, the Active Treatment add-on expense is now part of the Direct Care Cost Center

### ICF-MR Facilities Total Expense (2000 - 2009)



Note: As of Calendar Year 2006, the Active Treatment add-on expense is part of the Direct Care Cost Center

**ICF-MR Facilities  
Total Expense  
(2000 - 2009)**



Note: As of Calendar Year 2006, the Active Treatment add-on expense is not part of the Direct Care Cost Center

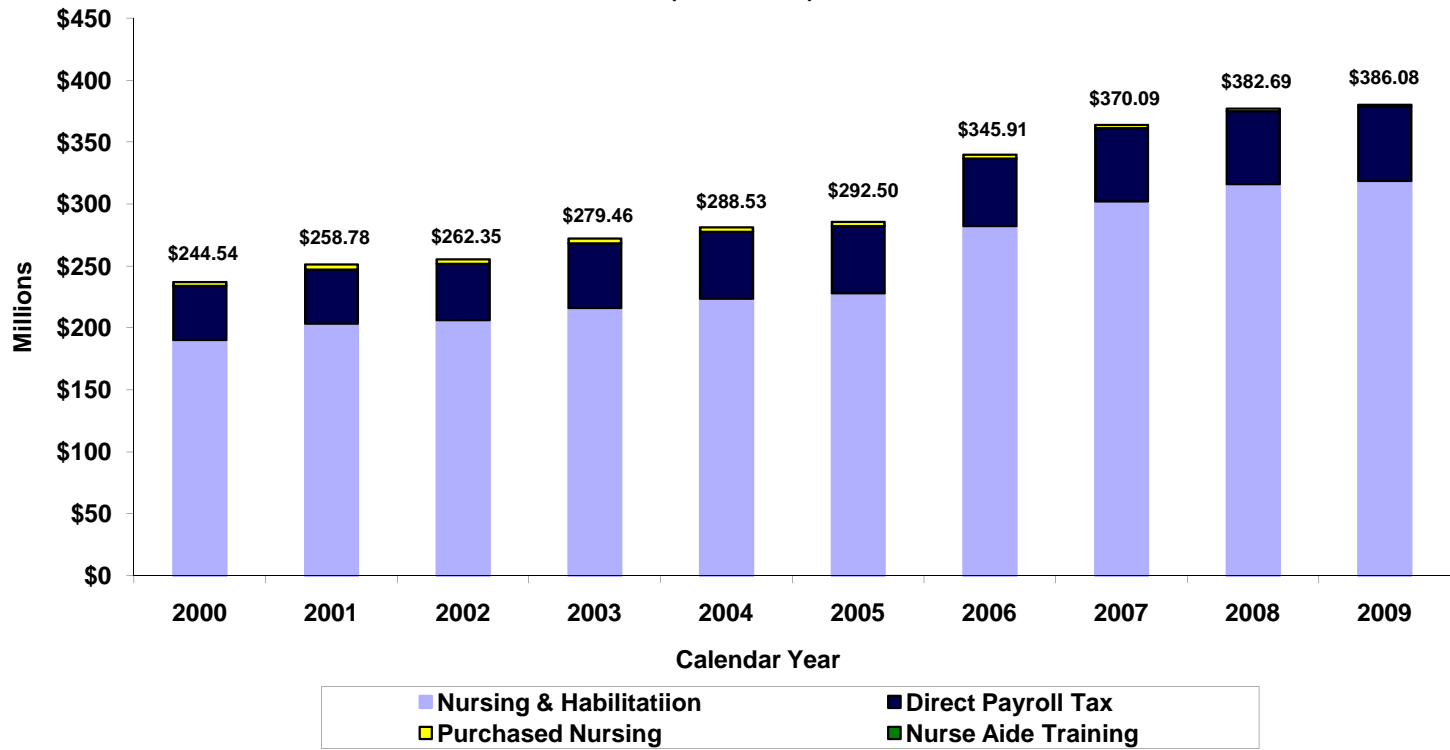
# Direct Care Cost Center

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- < **Nursing & Habilitation \***
- < **Direct Care Payroll Taxes**
- < **Purchased Nursing**
- < **Nurse Aide Training**

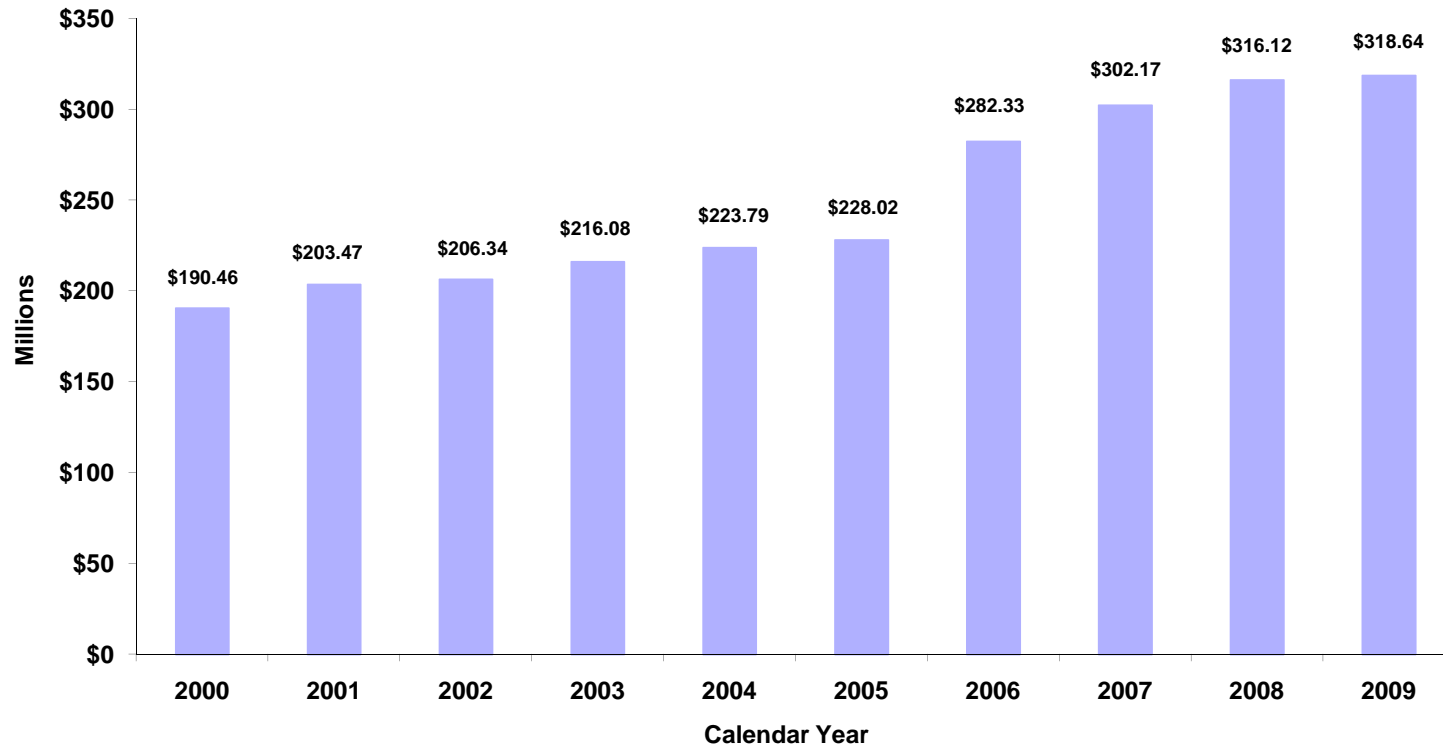
\* As of CY 2006, the Active Treatment Add-On Expense is now part of this Sub-Account

### ICF-MR Facilities Direct Filed Expense (2000 - 2009)



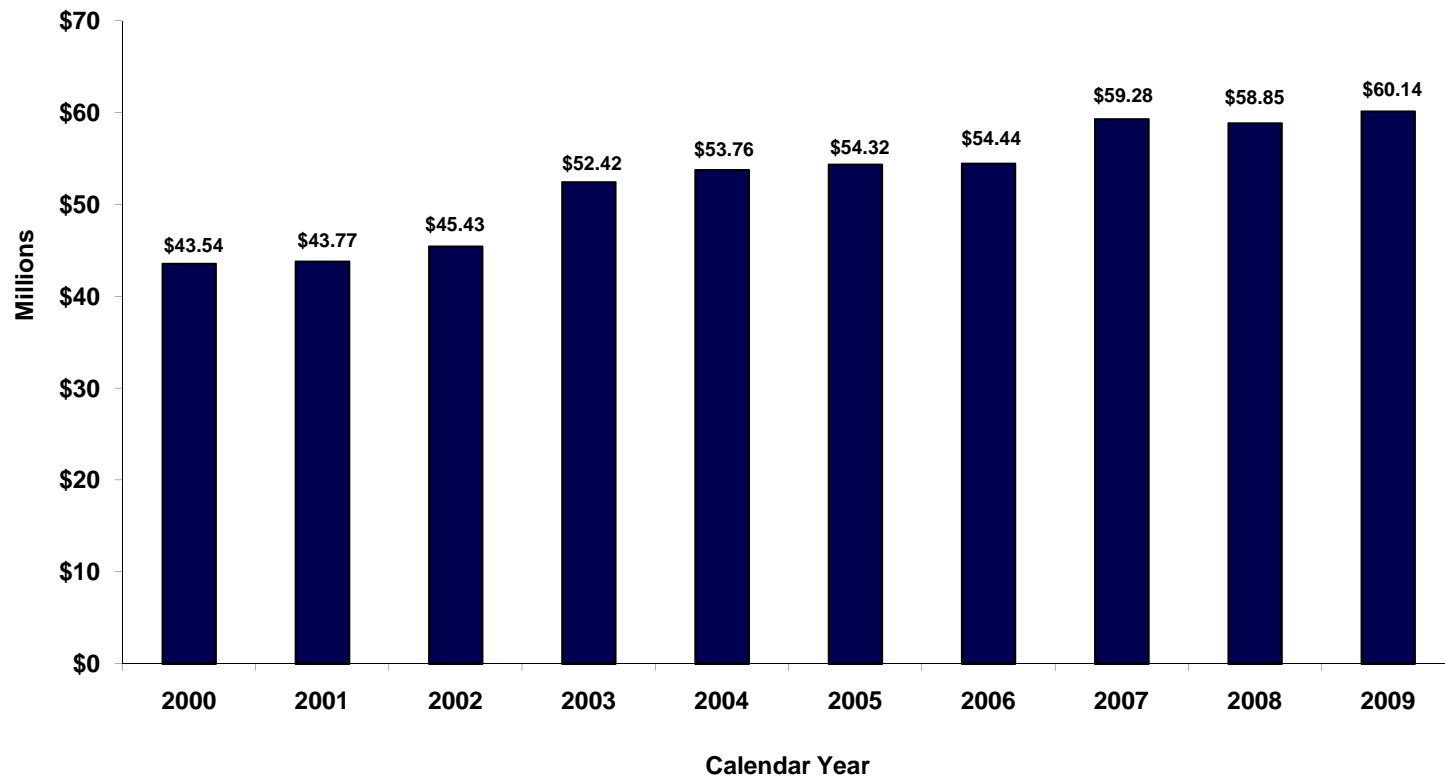
Note: As of Calendar Year 2006, the Active Treatment add-on expense is now part of the Direct Care Cost Center

**ICF-MR Facilities  
Nursing & Habilitation Expense  
(2000 - 2009)**

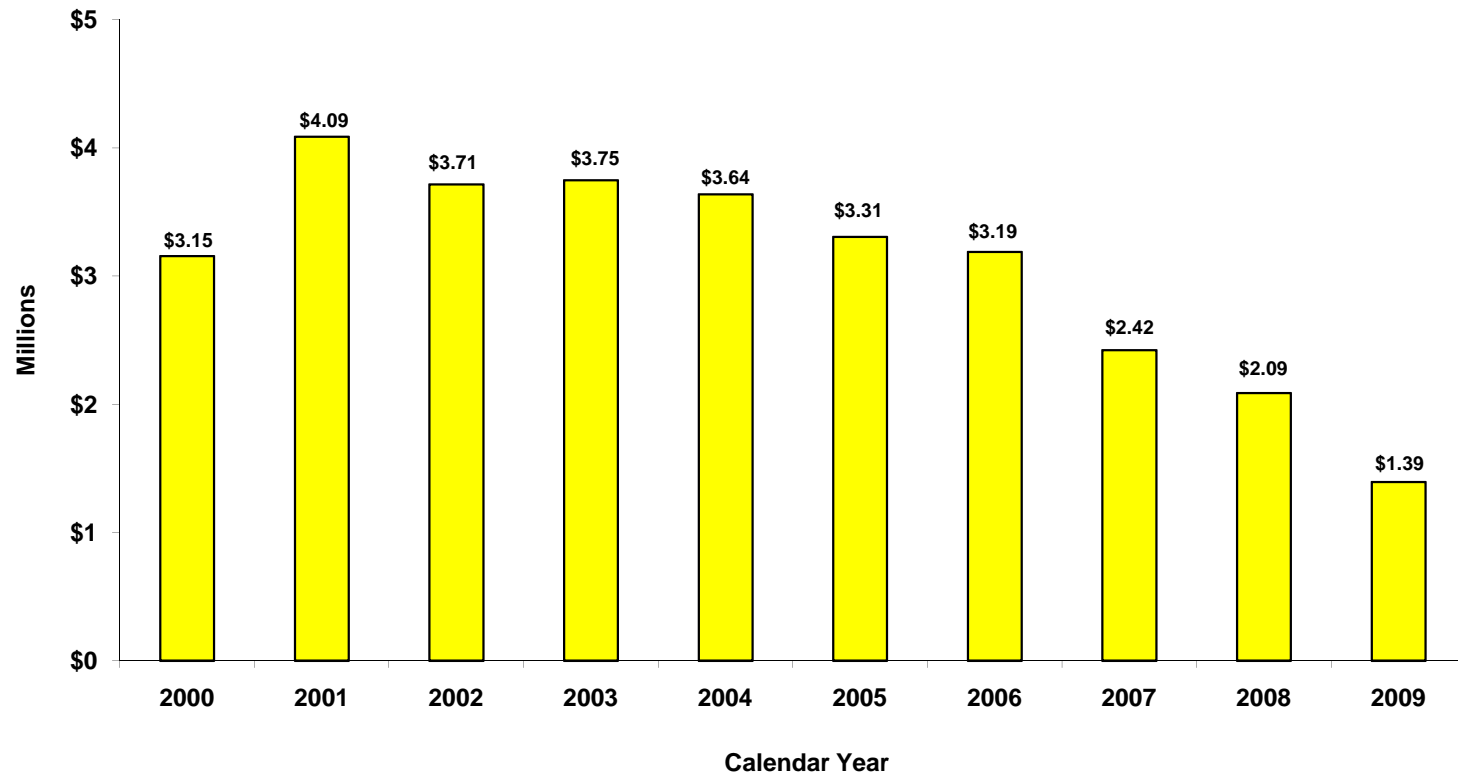


Note: As of Calendar Year 2006, the Active Treatment add-on expense is now part of this sub-account

**ICF-MR Facilities  
Direct Payroll Tax Expense  
(2000 - 2009)**



**ICF-MR Facilities  
Purchased Nursing Expense  
(2000 - 2009)**



**ICF-MR Facilities**  
**Nurse Aide Training Expense**  
**(2000 - 2009)**

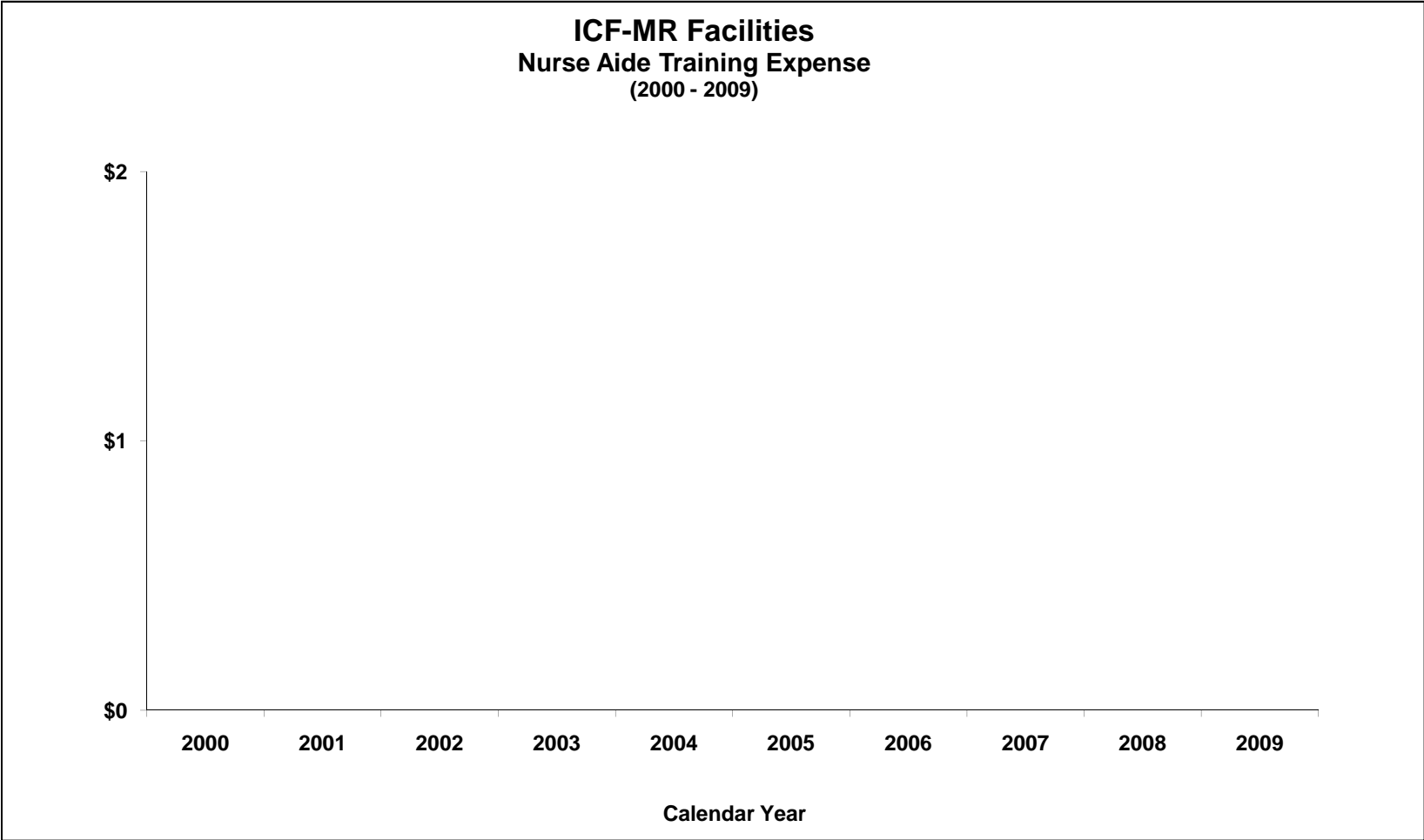
\$2

\$1

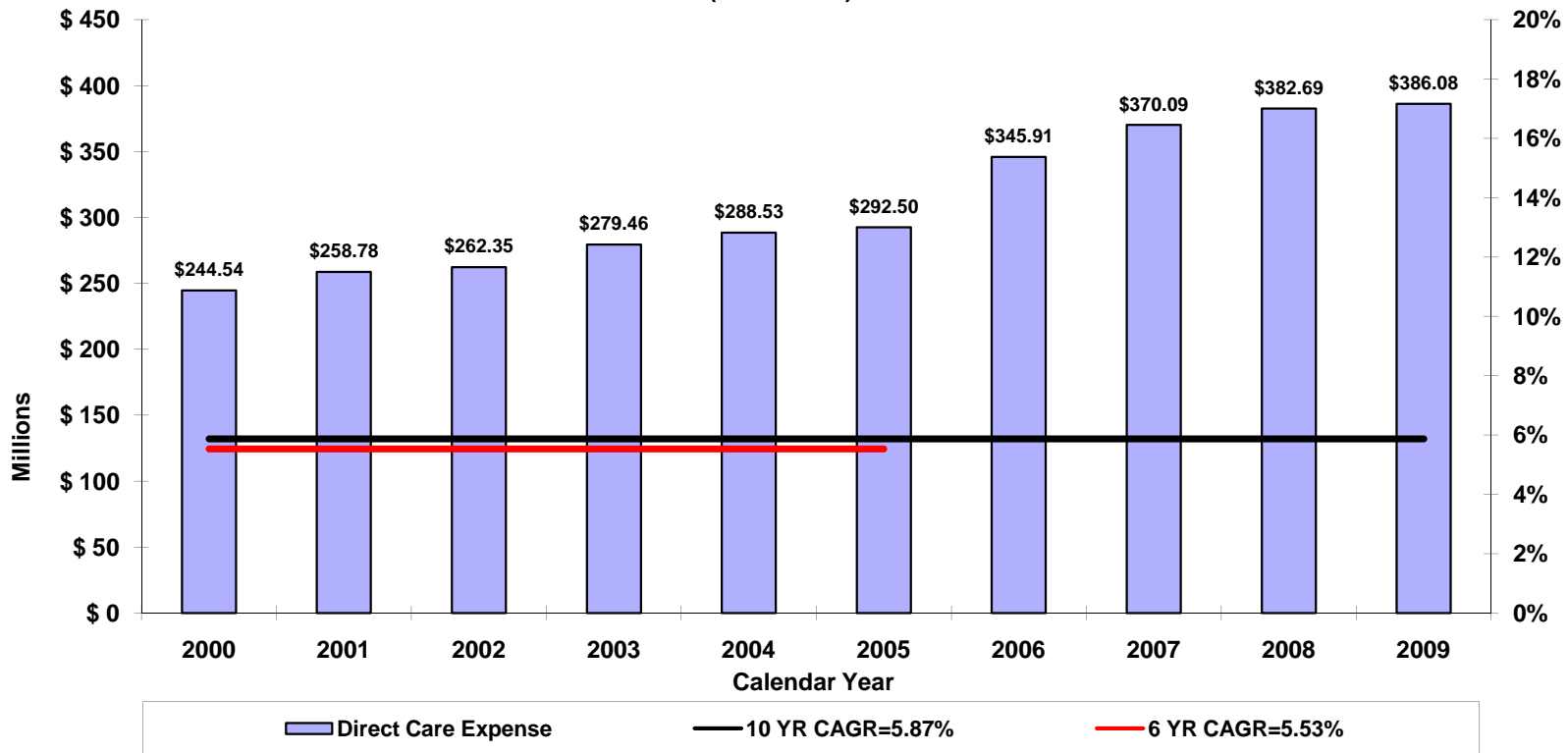
\$0

2000 2001 2002 2003 2004 2005 2006 2007 2008 2009

Calendar Year

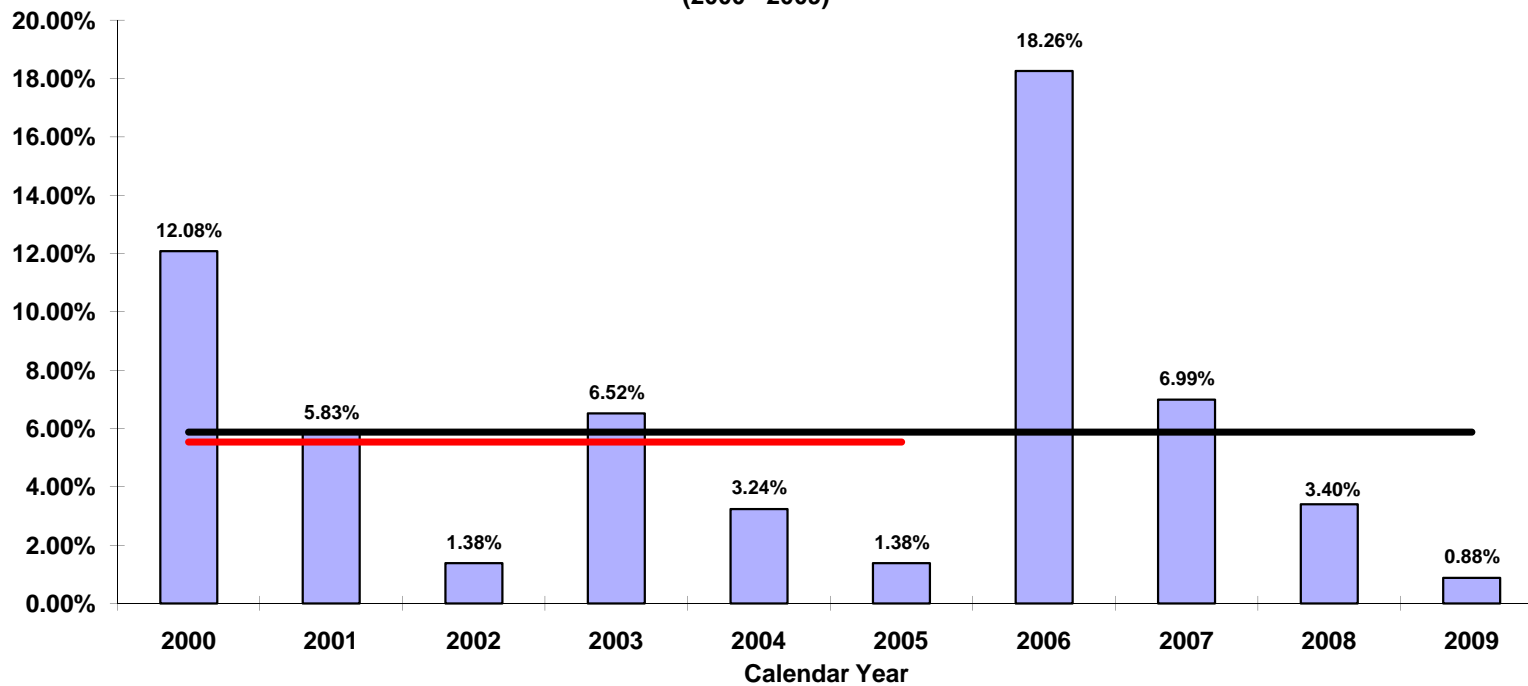


### ICF-MR Facilities Direct Care Expense (2000 - 2009)



Note: As of Calendar Year 2006, the Active Treatment add-on expense is now part of the Direct Care Cost Center

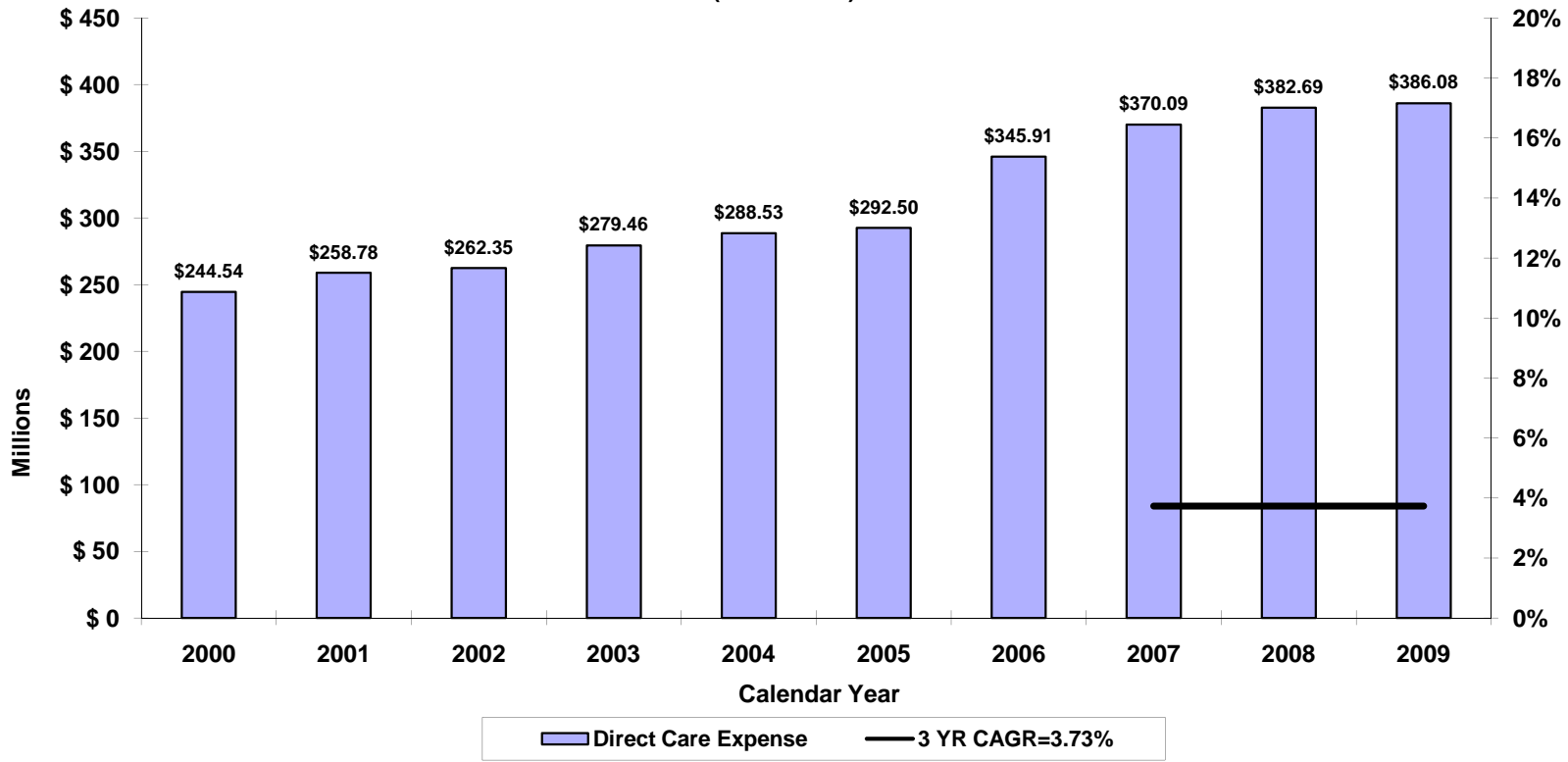
### ICF-MR Facilities Direct Care Expense (2000 - 2009)



■ Percent Change: Direct Expense      — 10 YR CAGR=5.87%      — 6 YR CAGR=5.53%

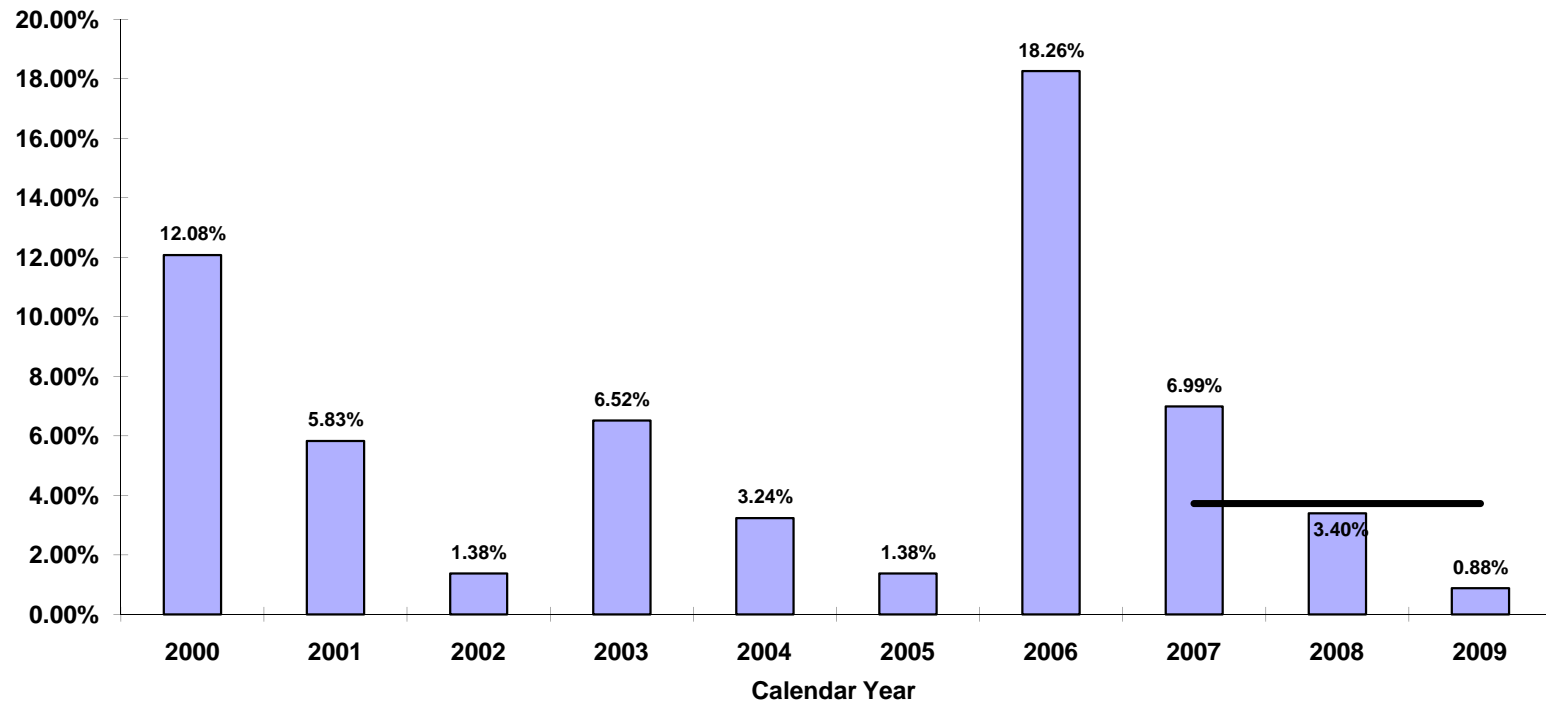
Note: As of Calendar Year 2006, the Active Treatment add-on expense is now part of the Direct Care Cost Center

### ICF-MR Facilities Direct Care Expense (2000 - 2009)



Note: As of Calendar Year 2006, the Active Treatment add-on expense is now part of the Direct Care Cost Center

**ICF-MR Facilities  
Direct Care Expense  
(2000 - 2009)**



■ Percent Change: Direct Expense

— 3 YR CAGR=3.73%

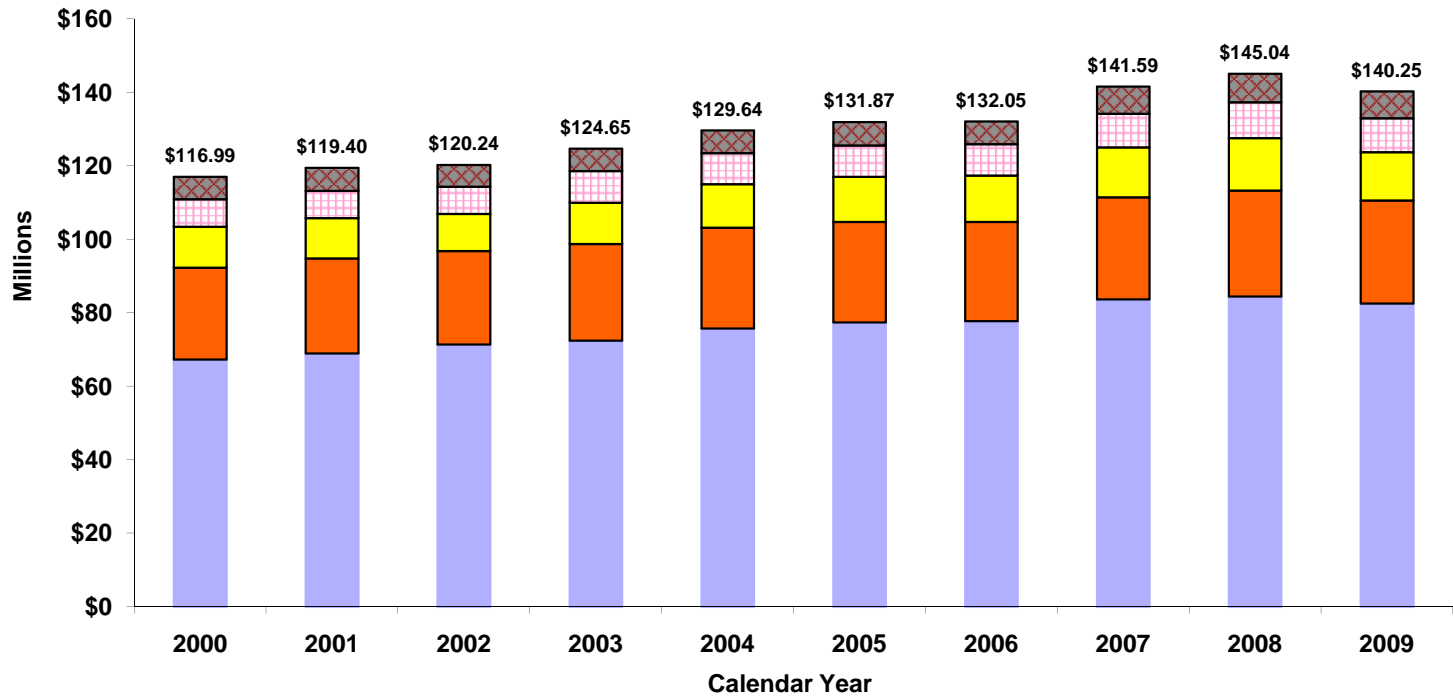
Note: As of Calendar Year 2006, the Active Treatment add-on expense is now part of the Direct Care Cost Center

# Indirect Care Cost Center

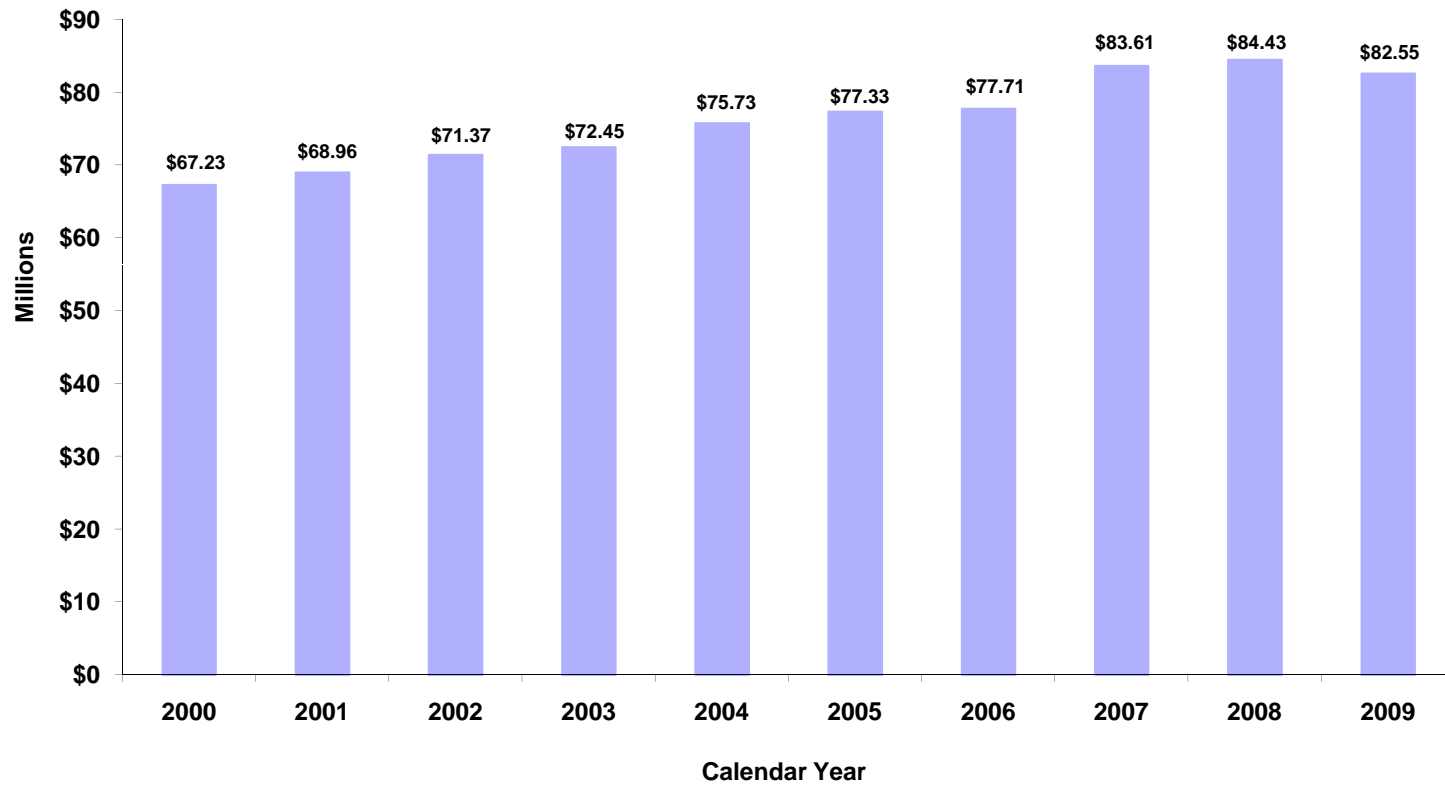
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- < **Administrative and General**
- < **Dietary**
- < **Maintenance and Repair**
- < **Indirect Care Payroll Taxes**
- < **Incontinence and Other Program Supplies**

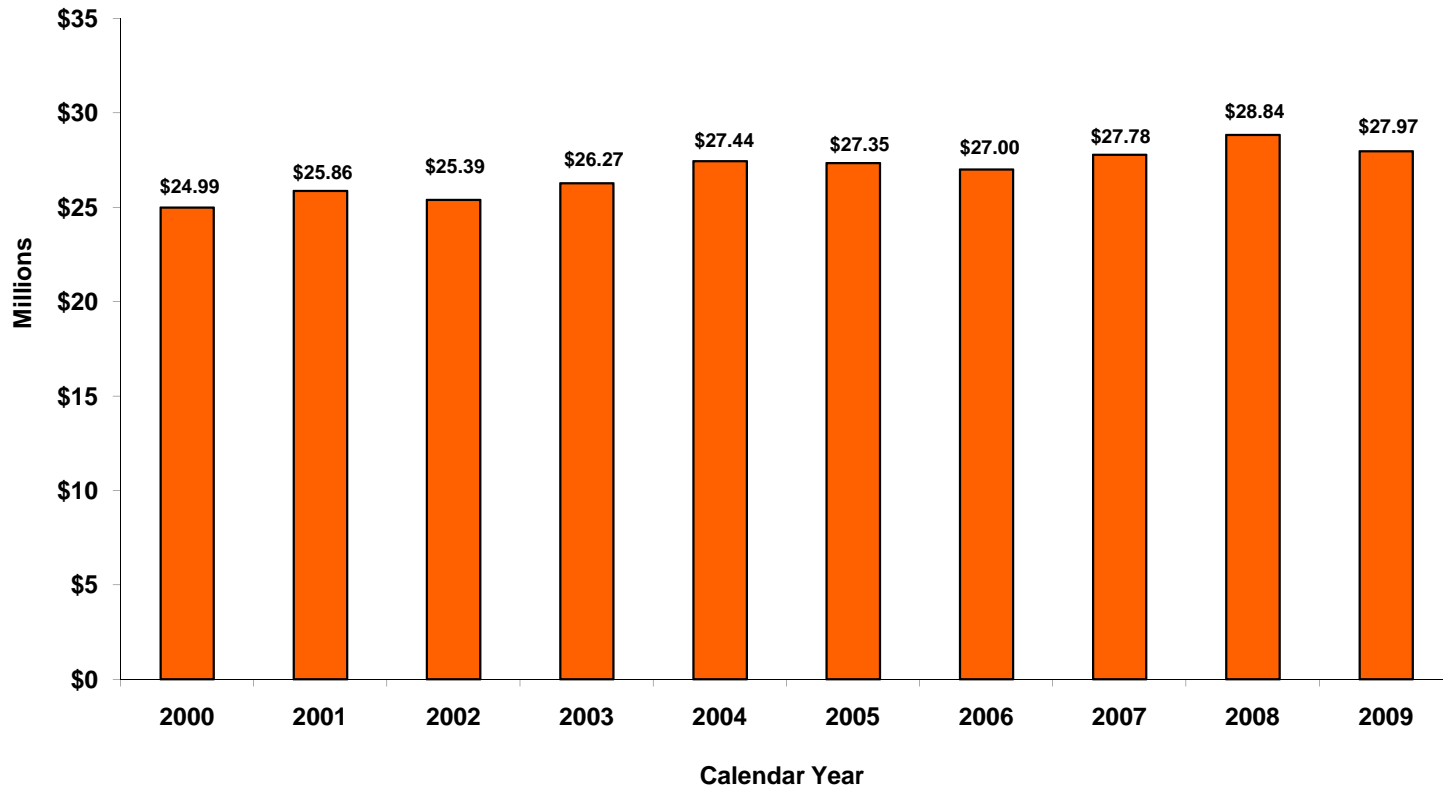
### ICF-MR Facilities Indirect Filed Expense (2000 - 2009)



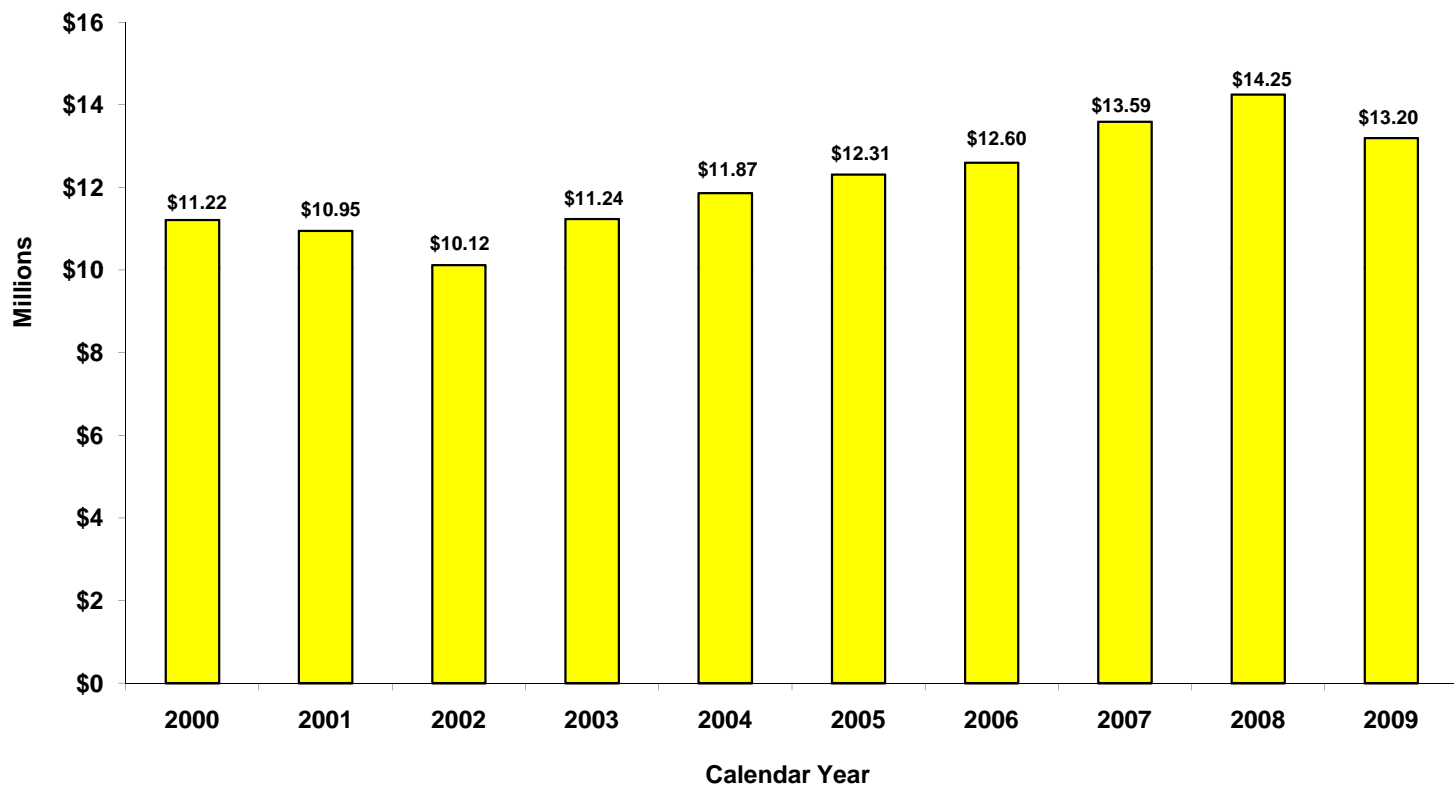
**ICF-MR Facilities  
Administrative & General Expense  
(2000 - 2009)**



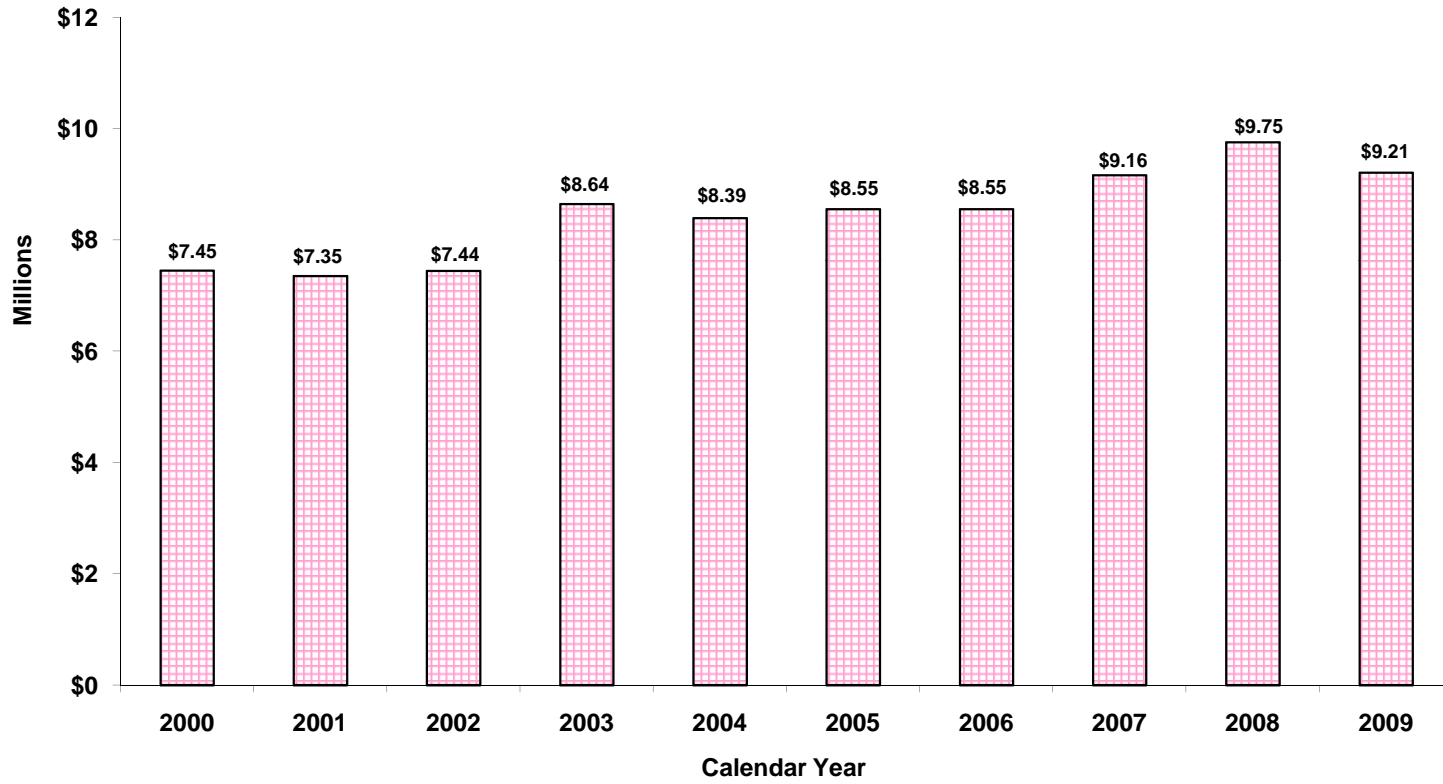
**ICF-MR Facilities  
Dietary Expense  
(2000 - 2009)**



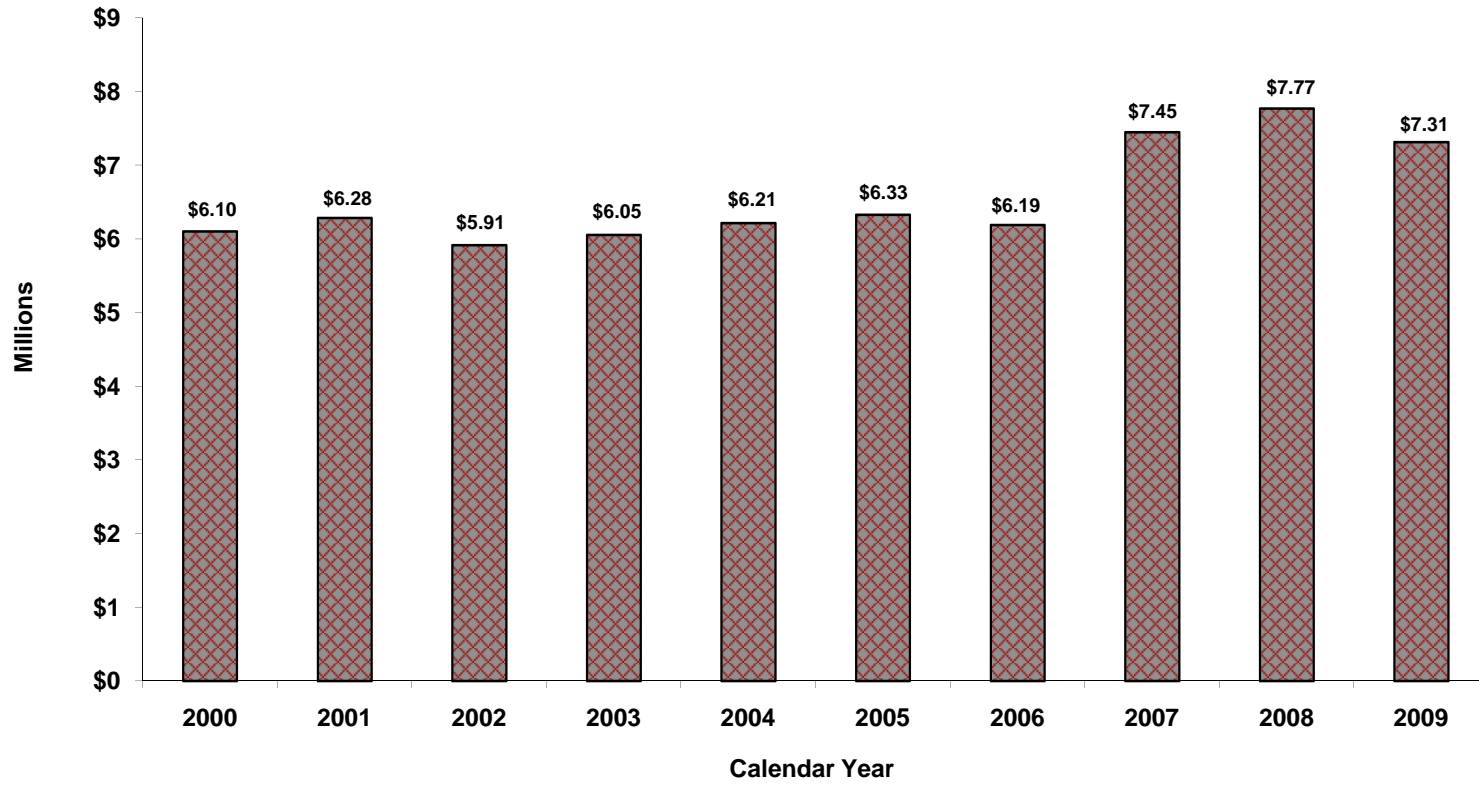
**ICF-MR Facilities  
Maintenance & Repair Expense  
(2000 - 2009)**



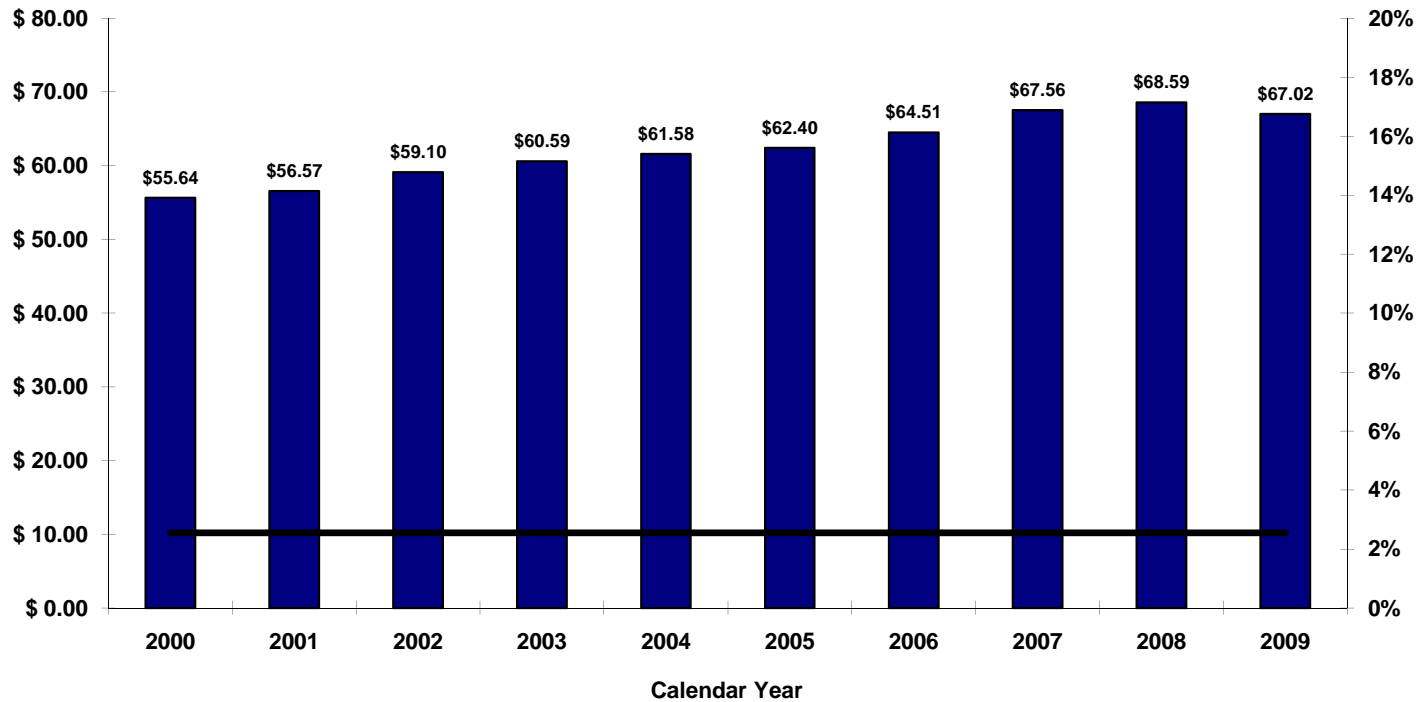
**ICF-MR Facilities**  
**Indirect Payroll Tax Expense**  
**(2000 - 2009)**



**ICF-MR Facilities  
Incontinence & Other Supplies Expense  
(2000 - 2009)**

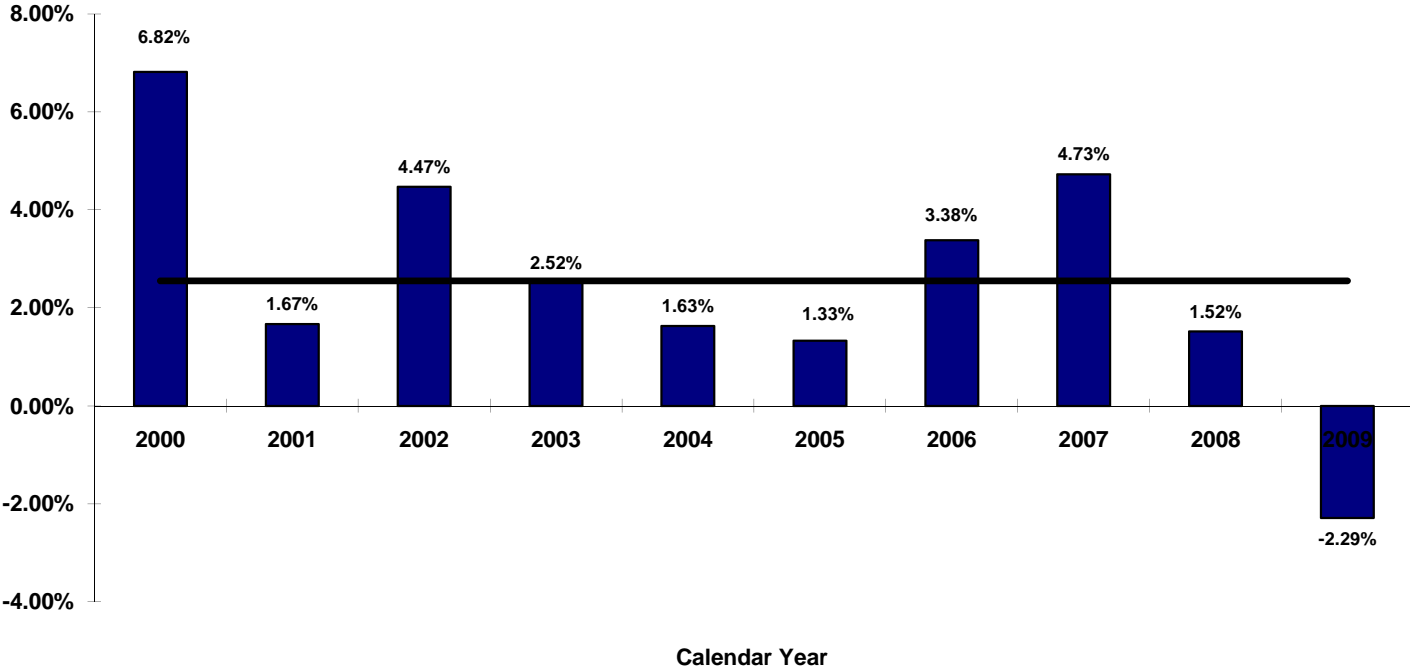


**ICF-MR Facilities**  
**Indirect Care Expense Per Diem**  
**(2000 - 2009)**



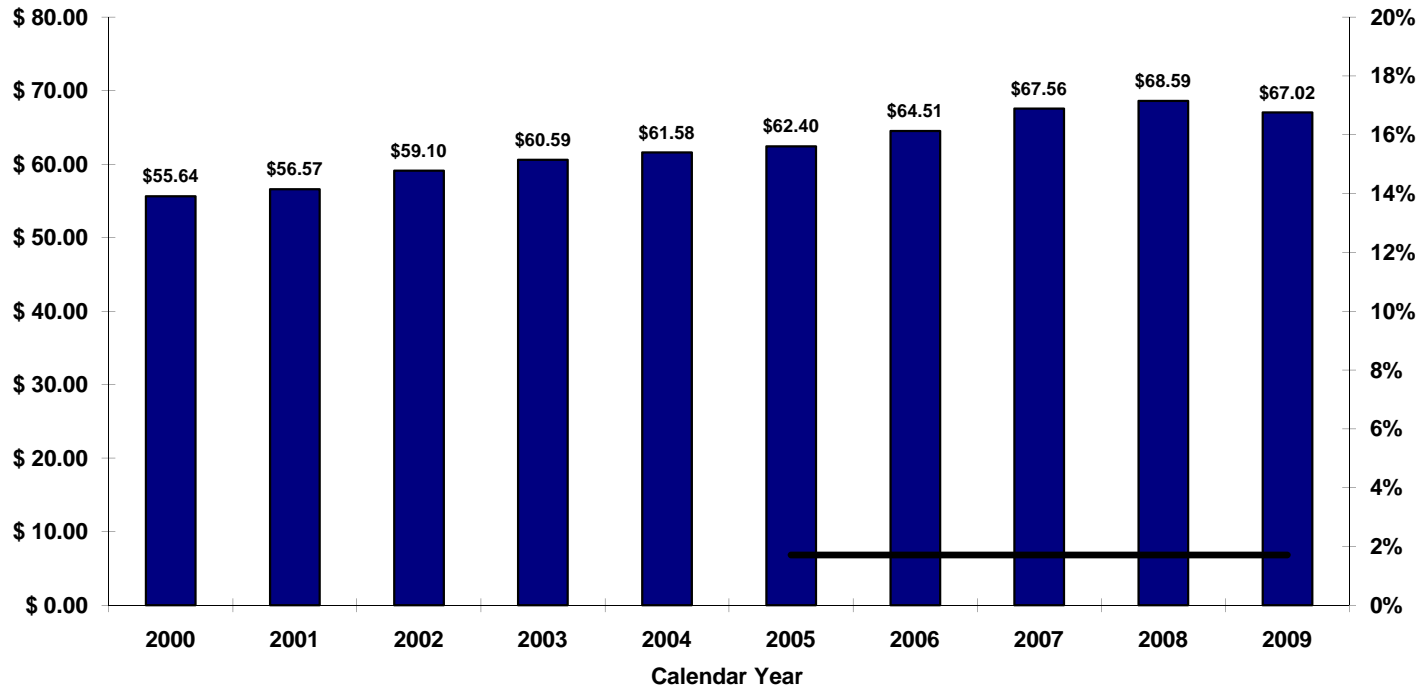
■ Indirect Care Per Diem    — 10 Year CAGR=2.55%

**ICF-MR Facilities**  
**Indirect Care Expense Per Diem**  
**(2000 - 2009)**



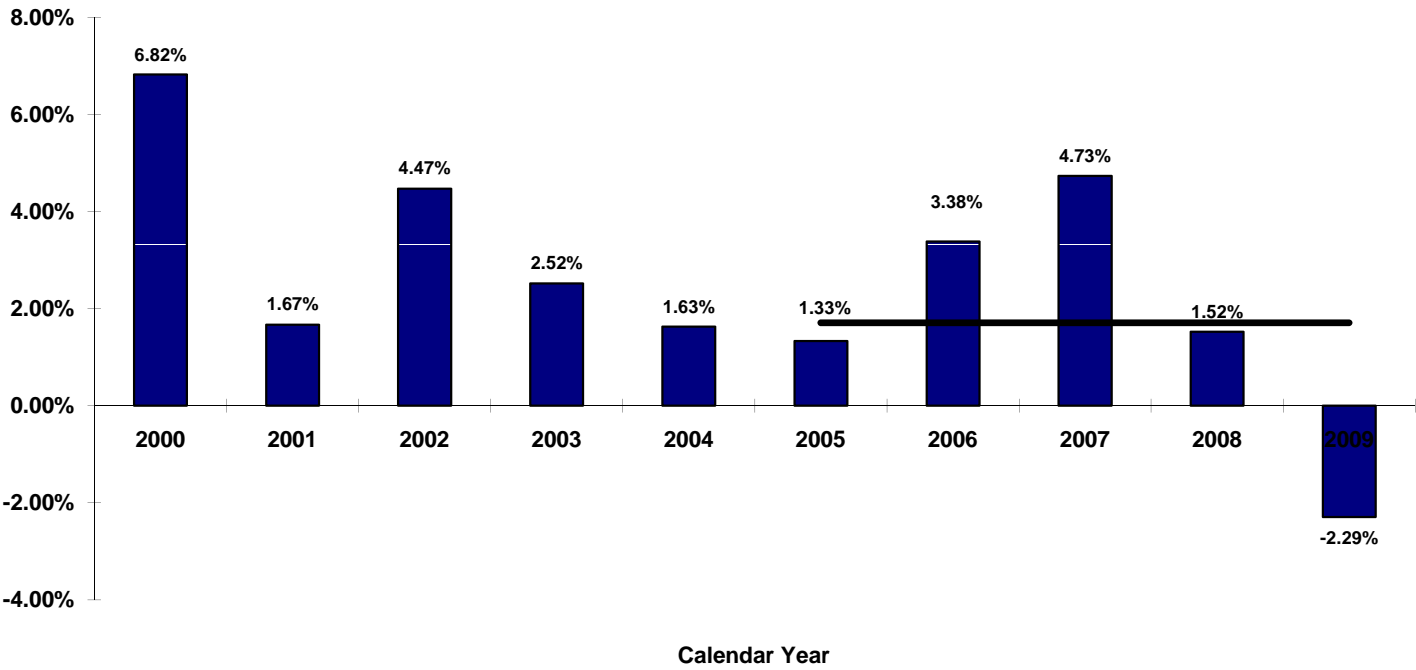
■ Percent Change: Indirect Care Per Diem    — 10 Year CAGR=2.55%

**ICF-MR Facilities**  
**Indirect Care Expense Per Diem**  
(2000 - 2009)



■ Indirect Care Per Diem      — 5 Year CAGR=1.71%

**ICF-MR Facilities**  
**Indirect Care Expense Per Diem**  
**(2000 - 2009)**



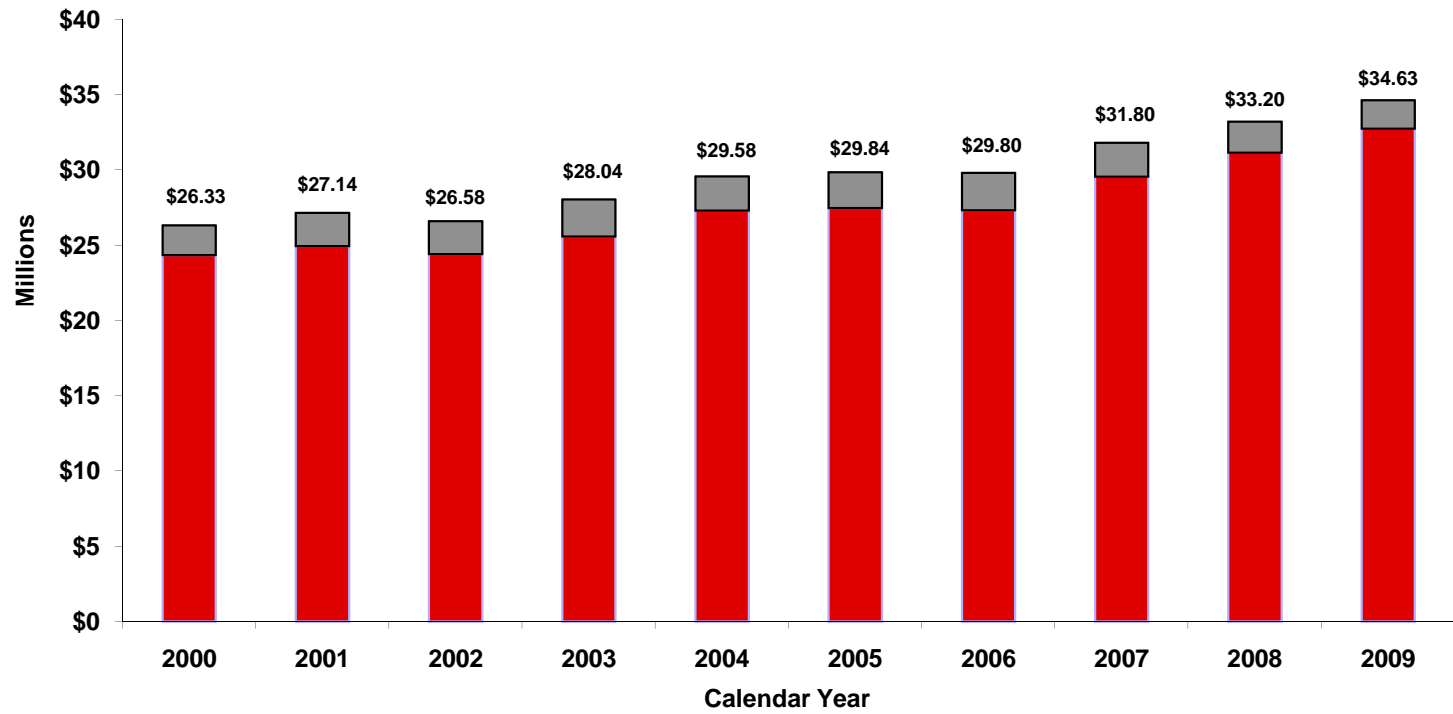
■ Percent Change: Indirect Care Per Diem    — 5 Year CAGR=1.71%

# Capital Cost Center

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- < **Cost of Ownership**
- < **Renovation**

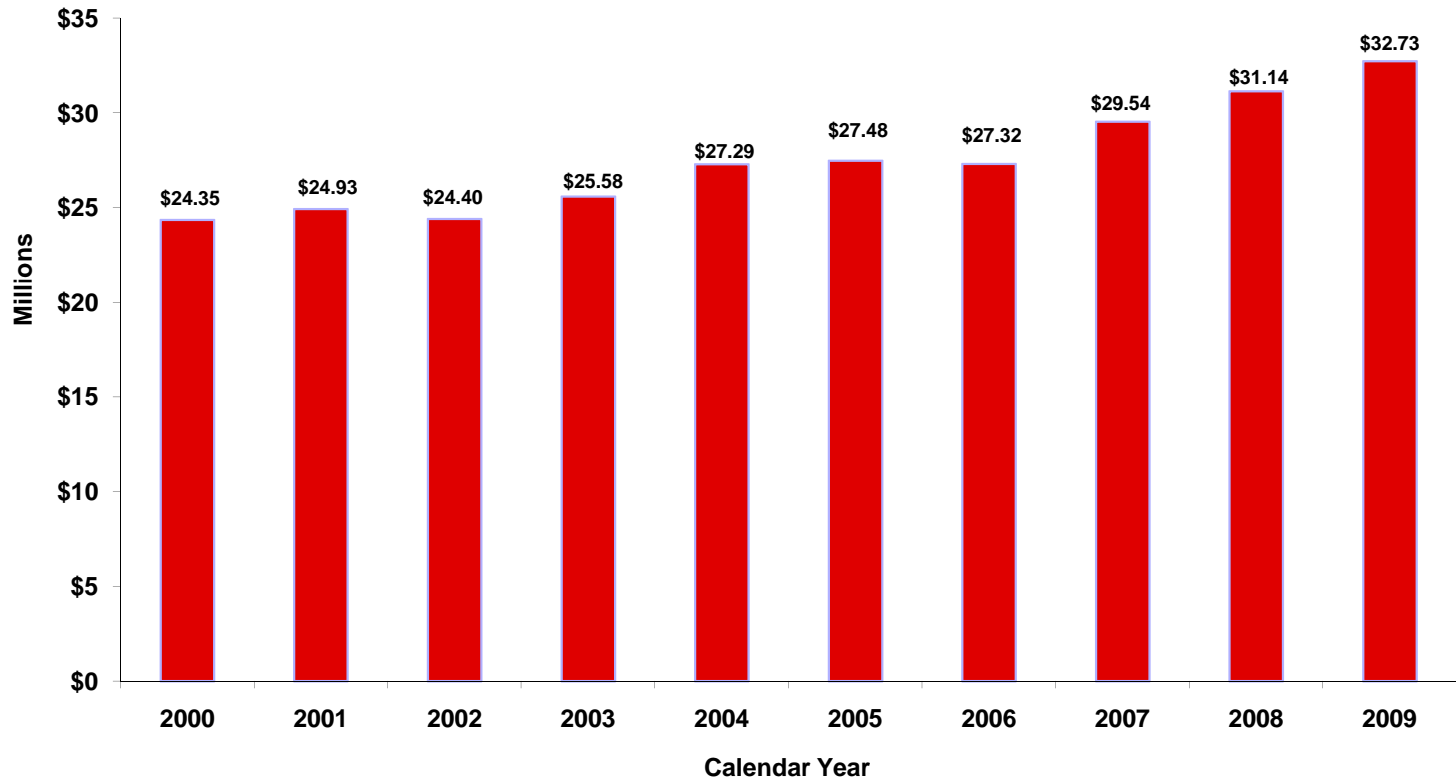
### ICF-MR Facilities Capital Filed Expense (2000 - 2009)



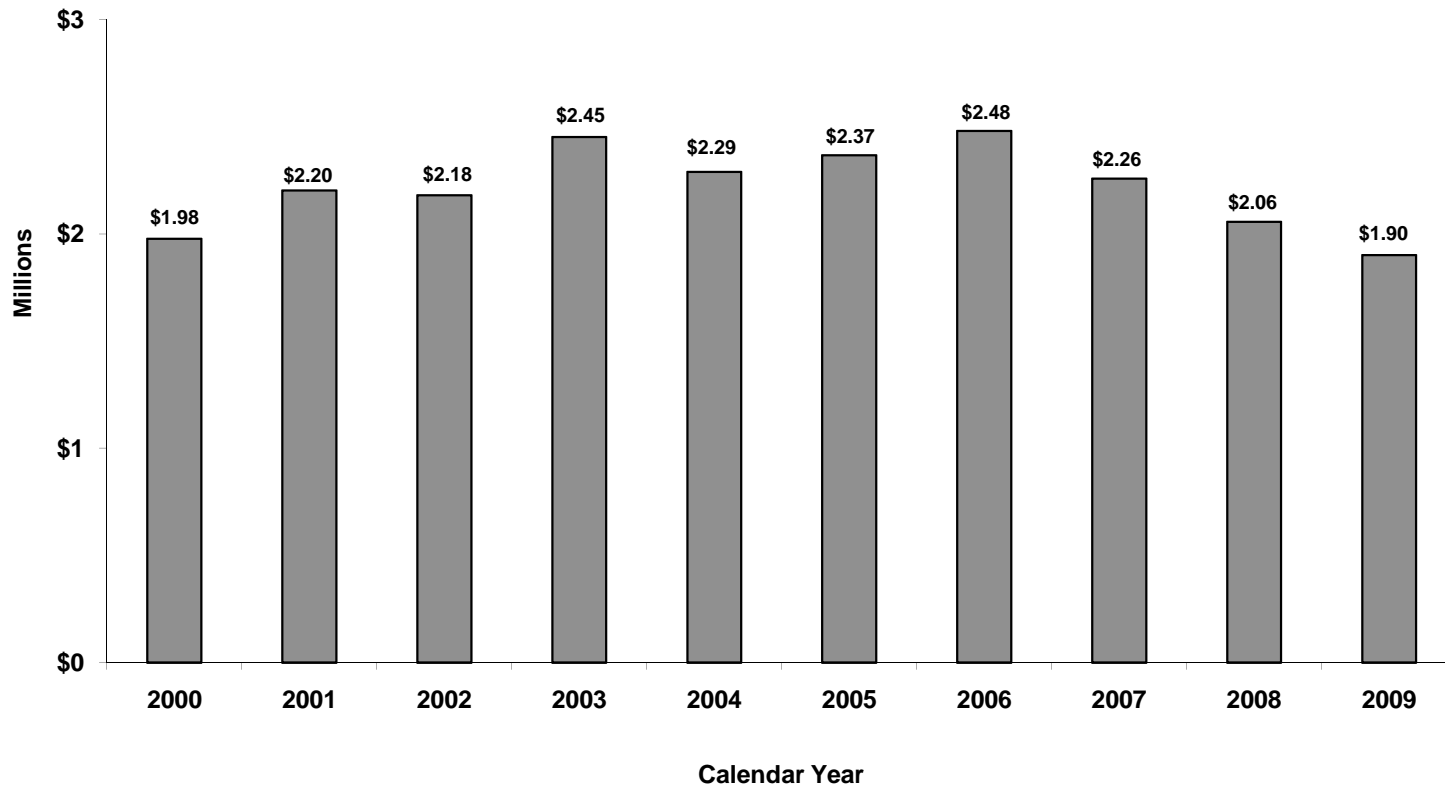
■ Cost of Ownership

■ Renovations

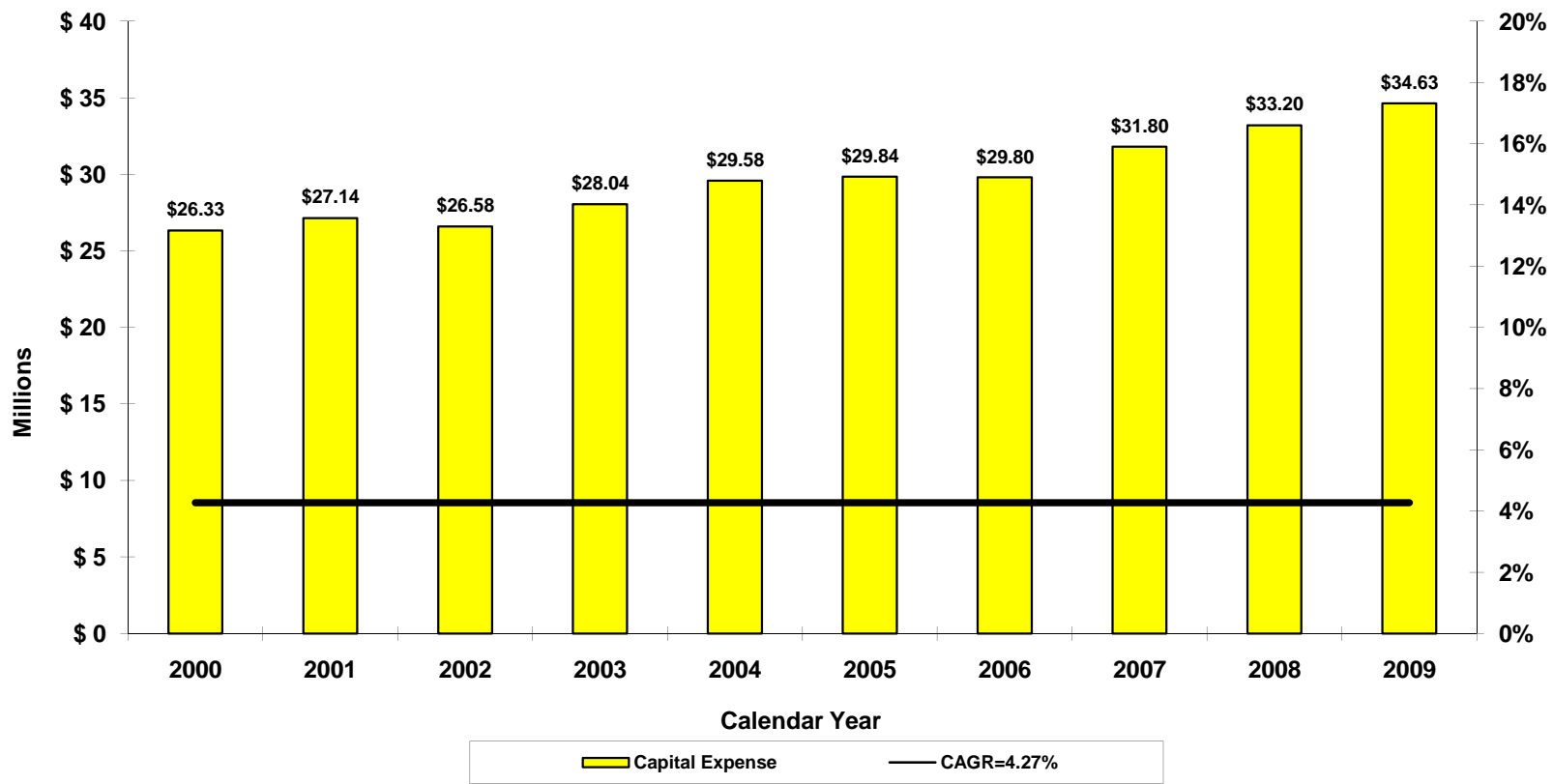
**ICF-MR Facilities  
Ownership Expense  
(2000 - 2009)**



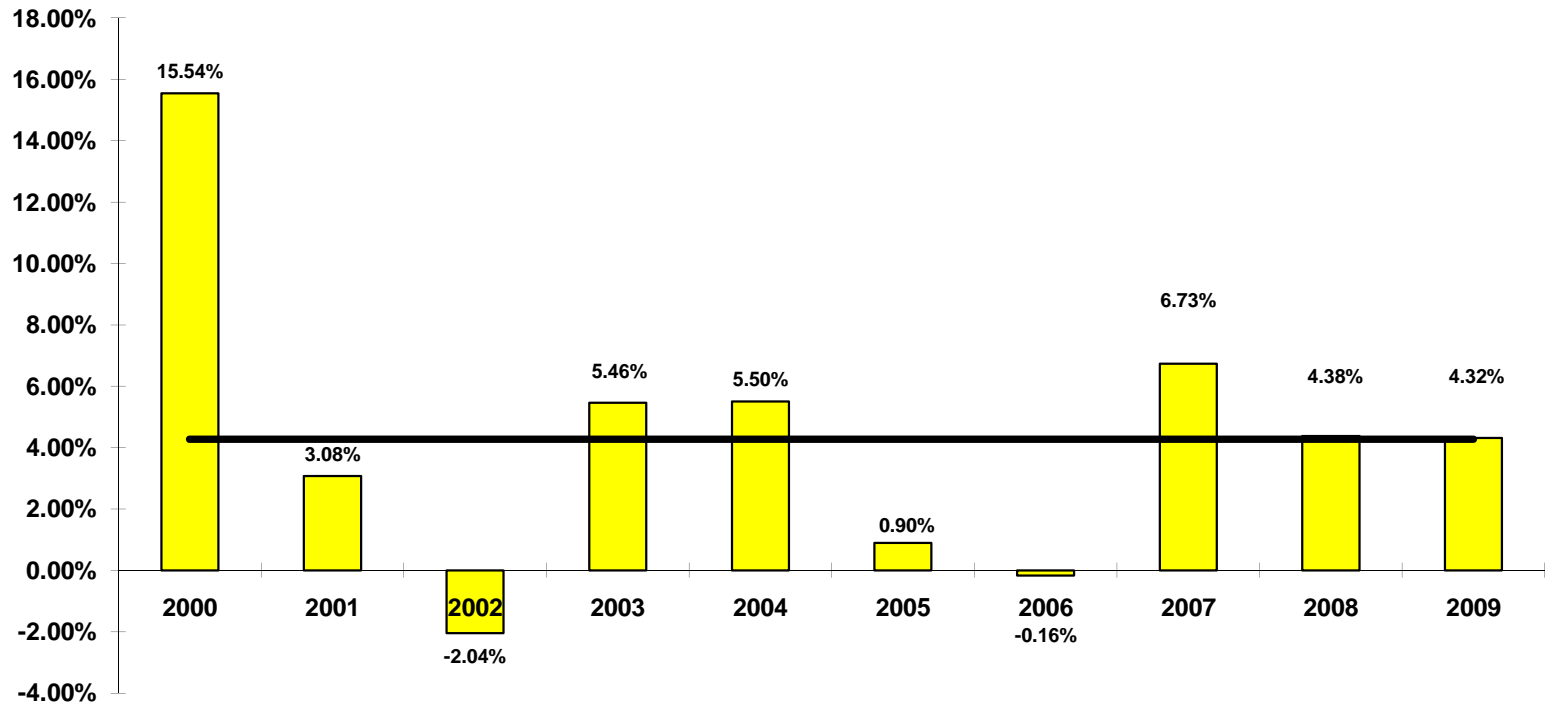
**ICF-MR Facilities  
Renovation Expense  
(2000 - 2009)**



### ICF-MR Facilities Capital Expense (2000 - 2009)



### ICF-MR Facilities Capital Expense (2000 - 2009)

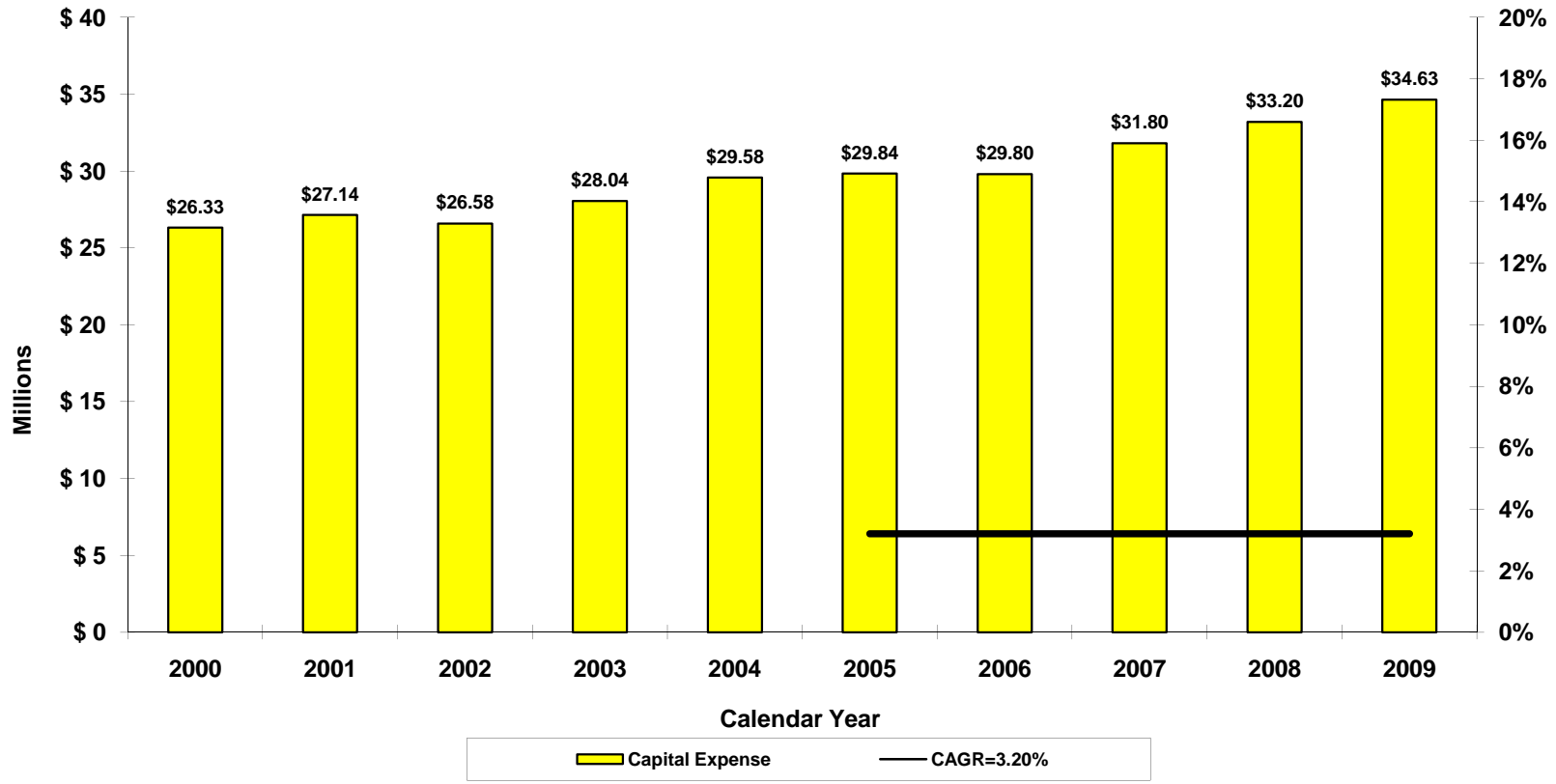


Calendar Year

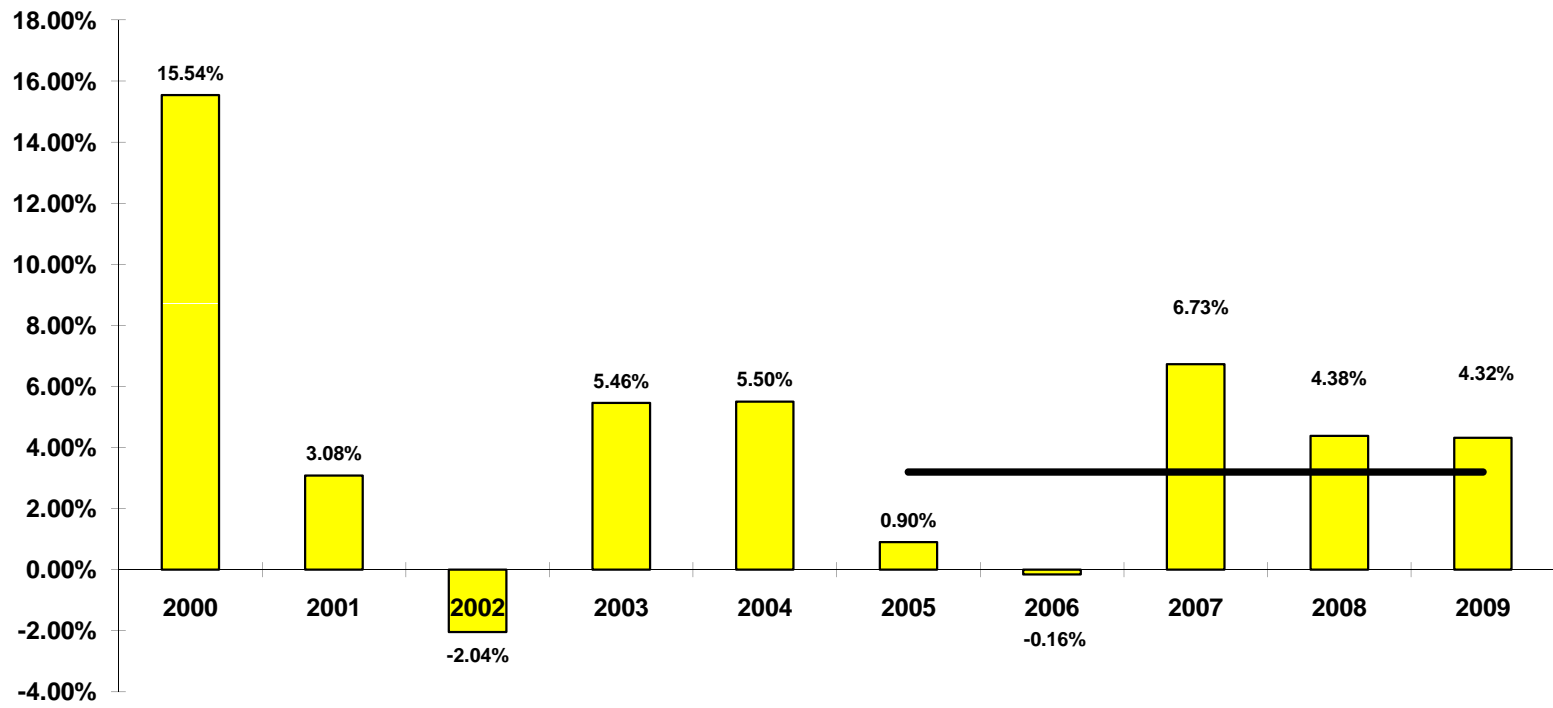
■ Percent Change: Capital Expense

— CAGR=4.27%

### ICF-MR Facilities Capital Expense (2000 - 2009)



**ICF-MR Facilities  
Capital Expense  
(2000 - 2009)**



Calendar Year

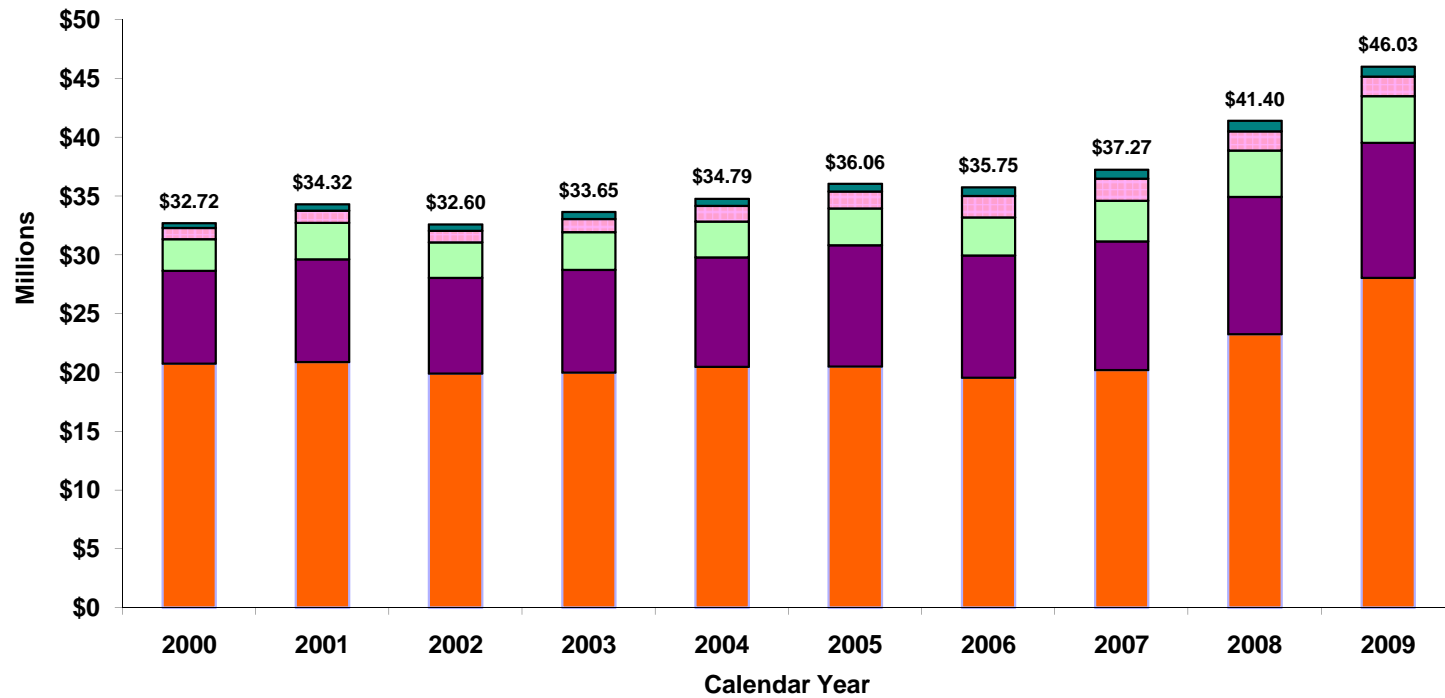


# Protected Cost Center

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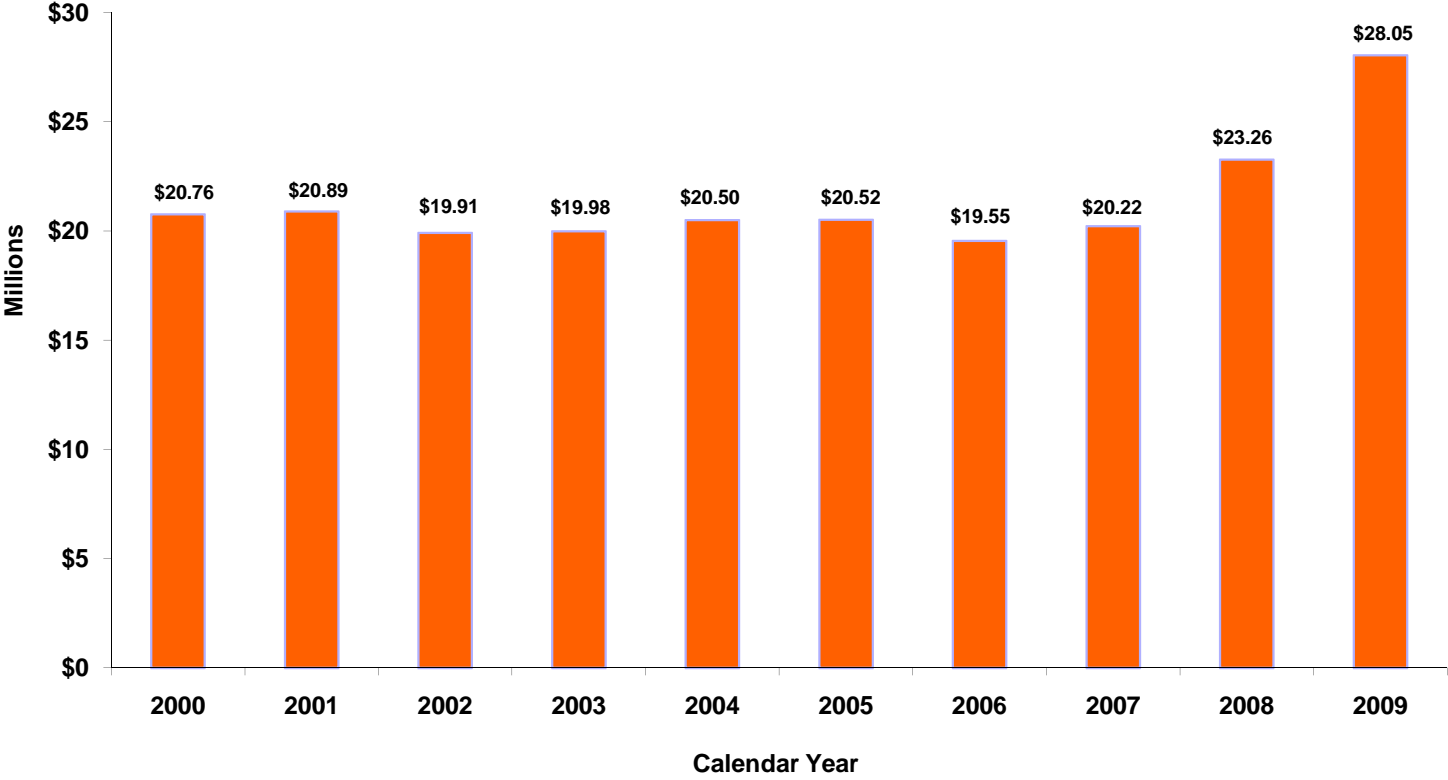
- ▶ **Franchise Fees**
- ▶ **Utilities**
- ▶ **MedicalSupplies**
- ▶ **Property Taxes**
- ▶ **Home Office - Protected**

### ICF-MR Facilities Protected Filed Expense (2000 - 2009)

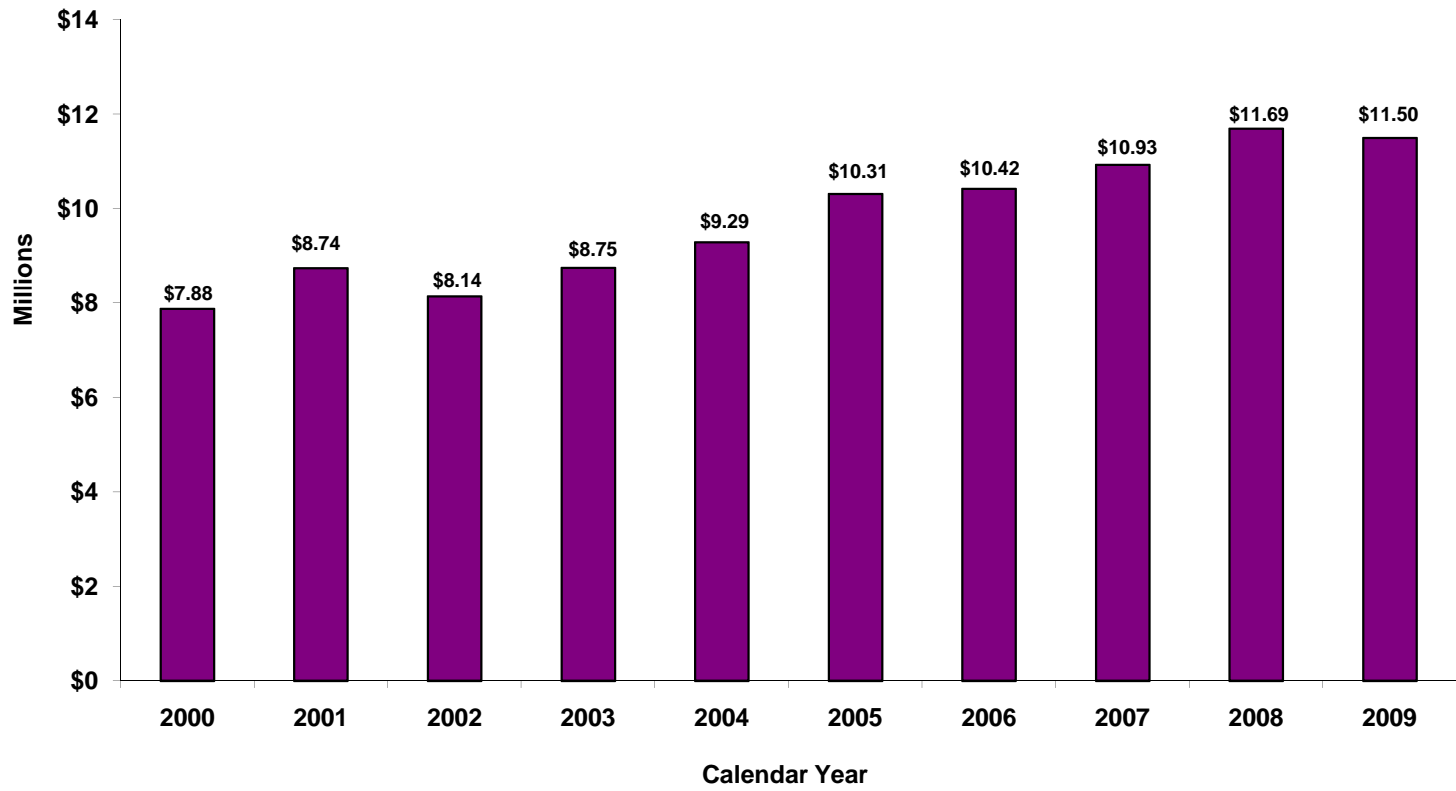


Franchise Fee Utilities Medical Supplies Property Tax Home Office: Protected

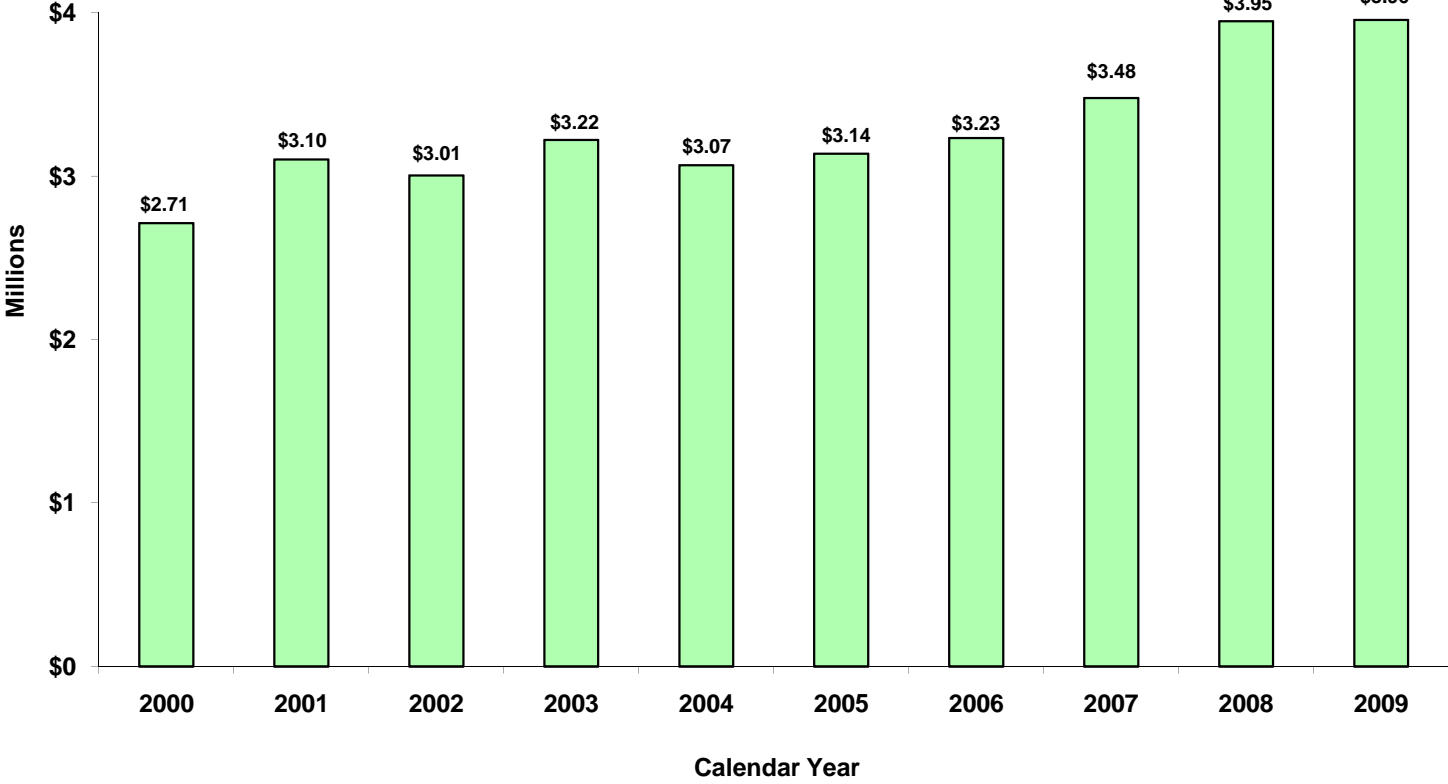
**ICF-MR Facilities  
Franchise Fee Expense  
(2000 - 2009)**



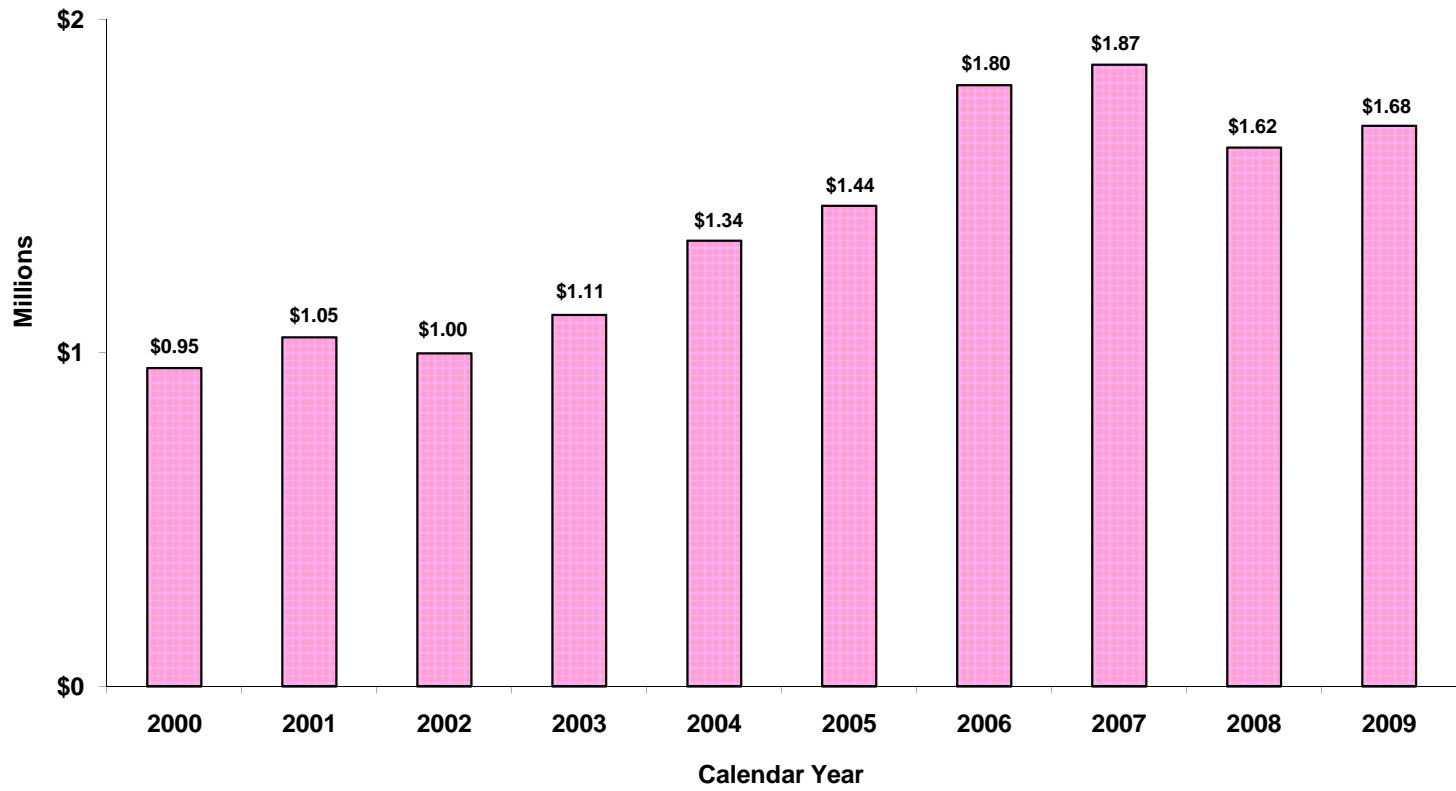
**ICF-MR Facilities  
Utilities Expense  
(2000 - 2009)**



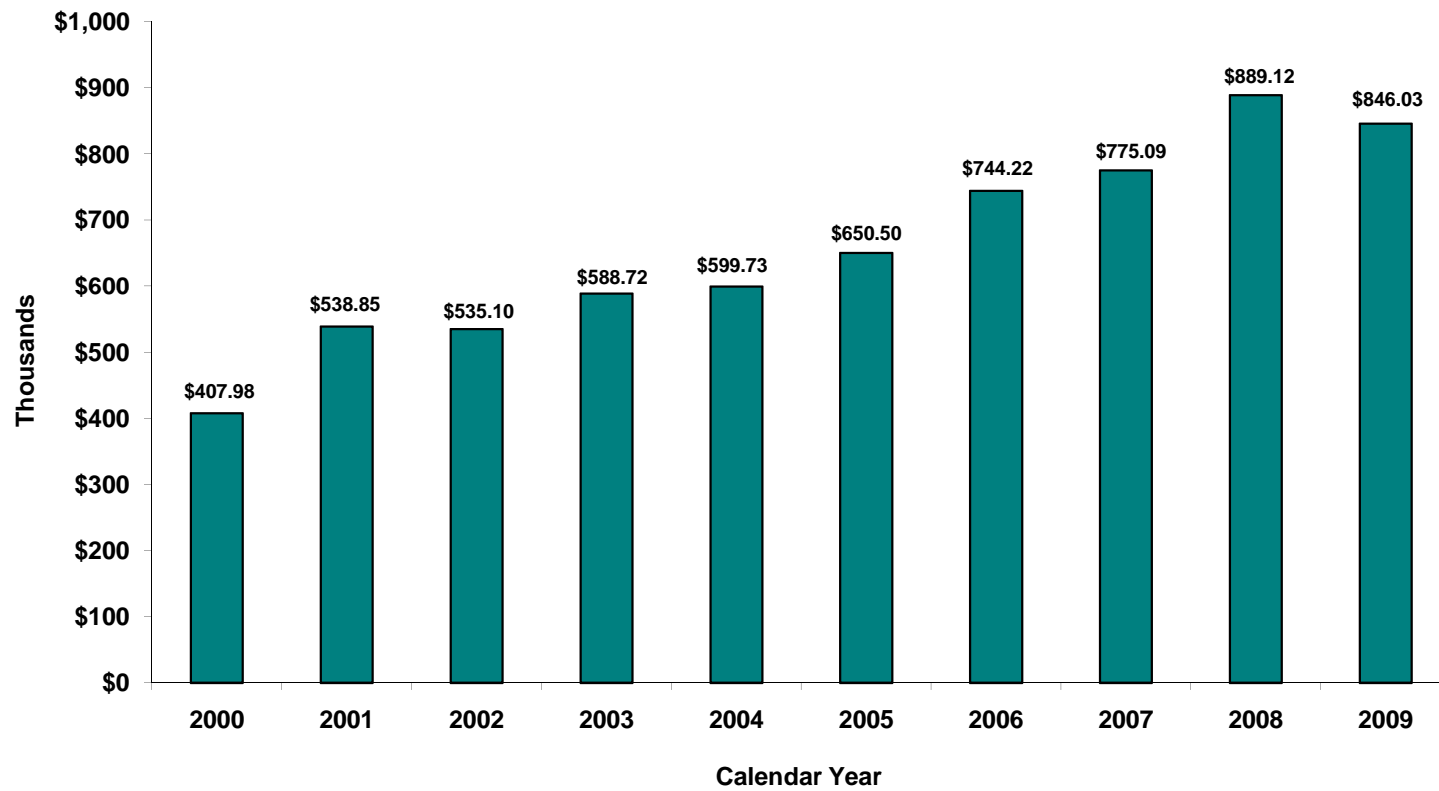
**ICF-MR Facilities  
Medical Supplies Expense  
(2000 - 2009)**



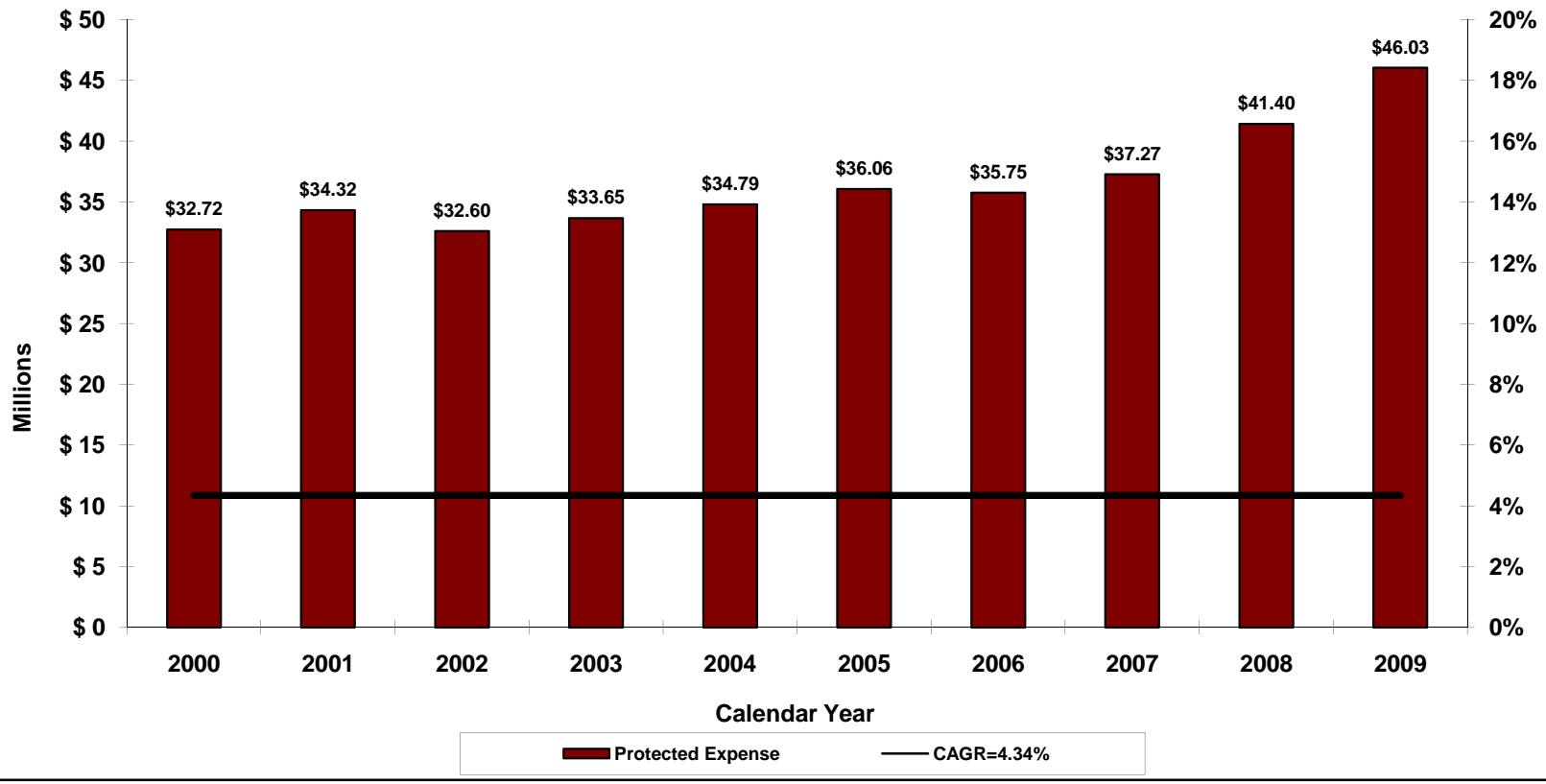
**ICF-MR Facilities  
Property Tax Expense  
(2000 - 2009)**



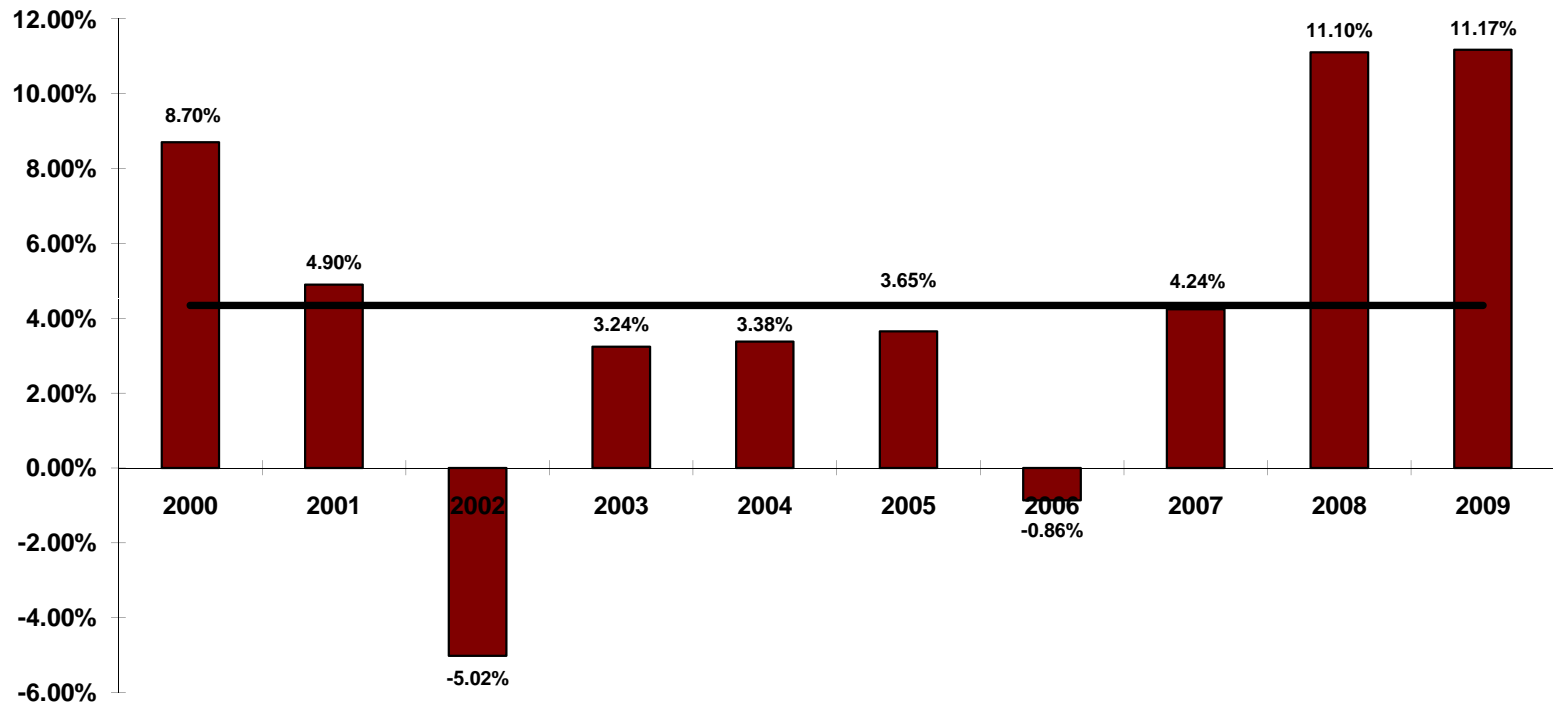
**ICF-MR Facilities**  
**Home Office: Protected Expense**  
**(2000 - 2009)**



### ICF-MR Facilities Protected Expense (2000 - 2009)



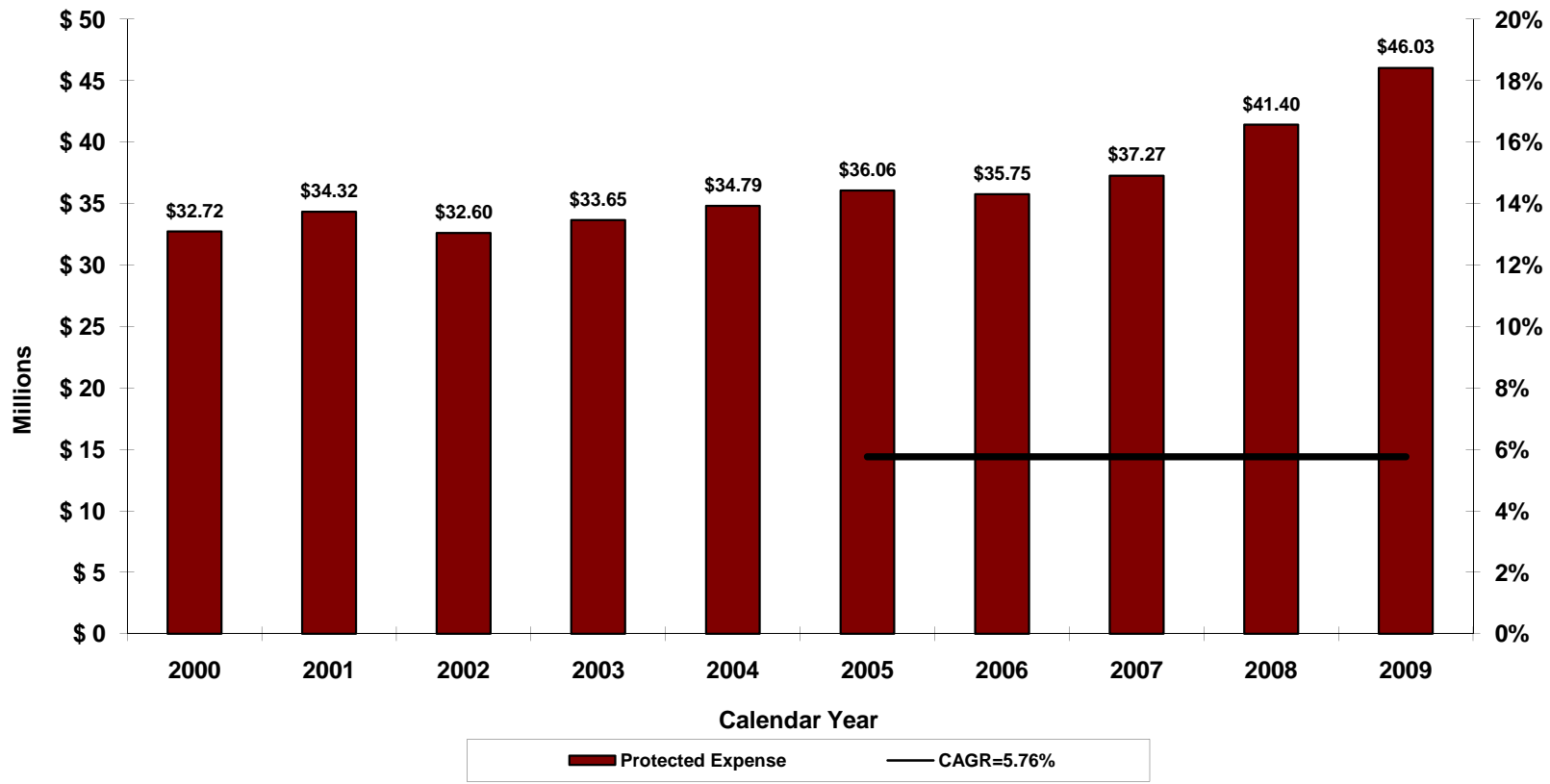
**ICF-MR Facilities  
Protected Expense  
(2000 - 2009)**



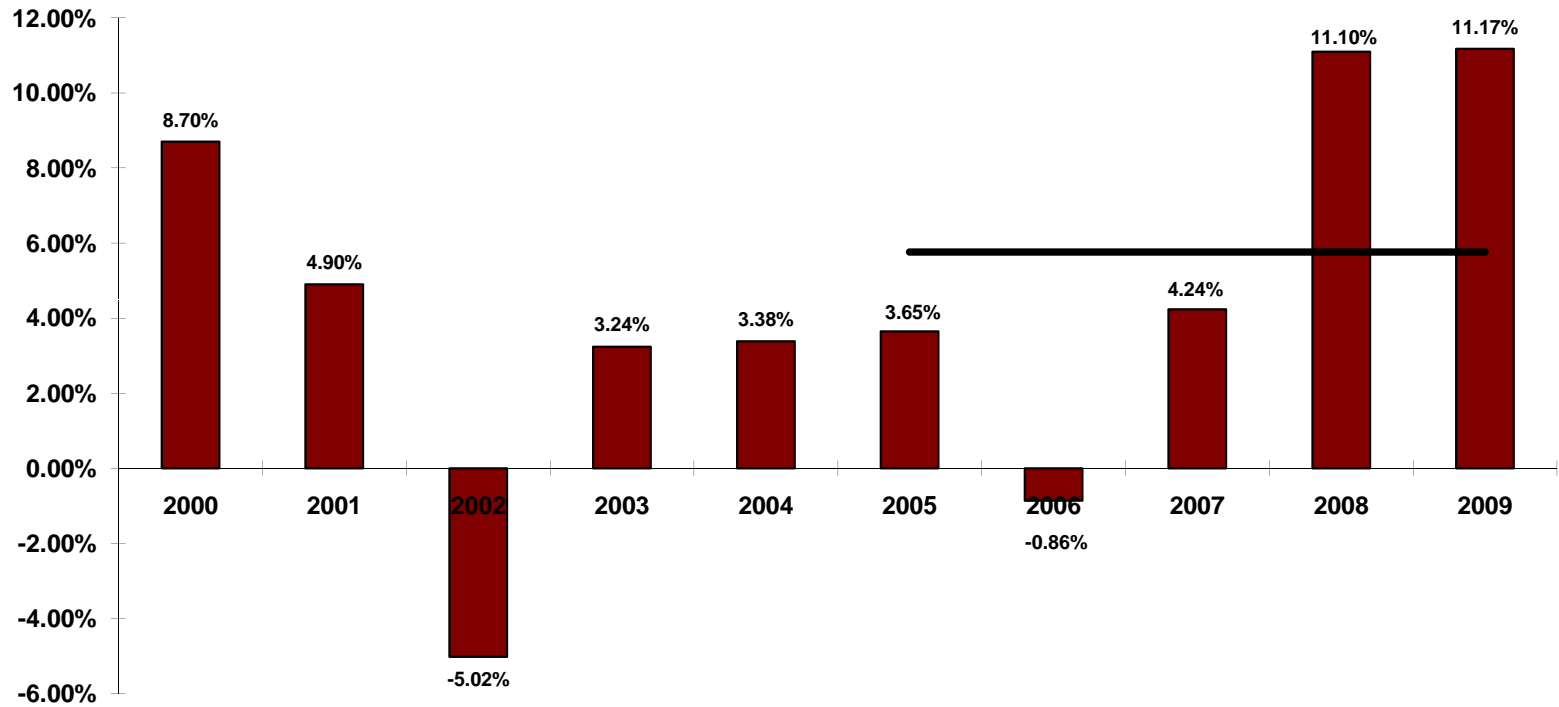
Calendar Year

■ Percent Change: Protected Expense      — CAGR=4.34%

### ICF-MR Facilities Protected Expense (2000 - 2009)



### ICF-MR Facilities Protected Expense (2000 - 2009)

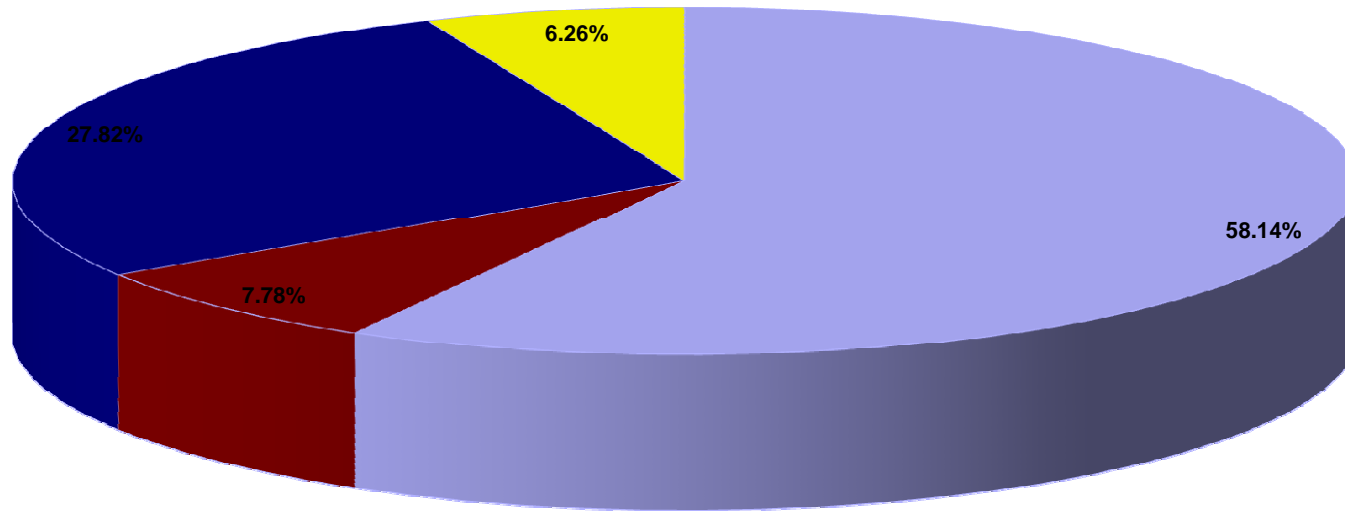


Calendar Year

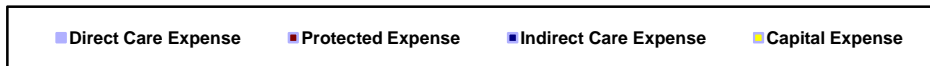
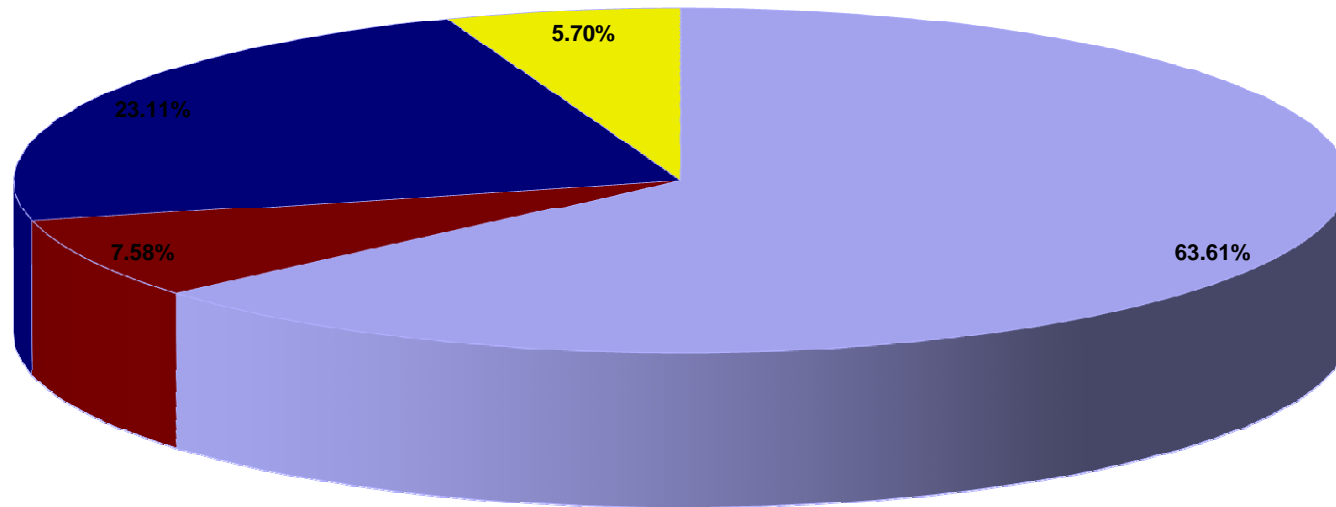
■ Percent Change: Protected Expense

— CAGR=5.76%

**ICF-MR Facilities**  
**Percentage of Total Filed Expense**  
(Cost Centers: 2000)



**ICF-MR Facilities**  
**Percentage of Total Filed Expense**  
(Cost Centers: 2009)



# Per Diem Trends

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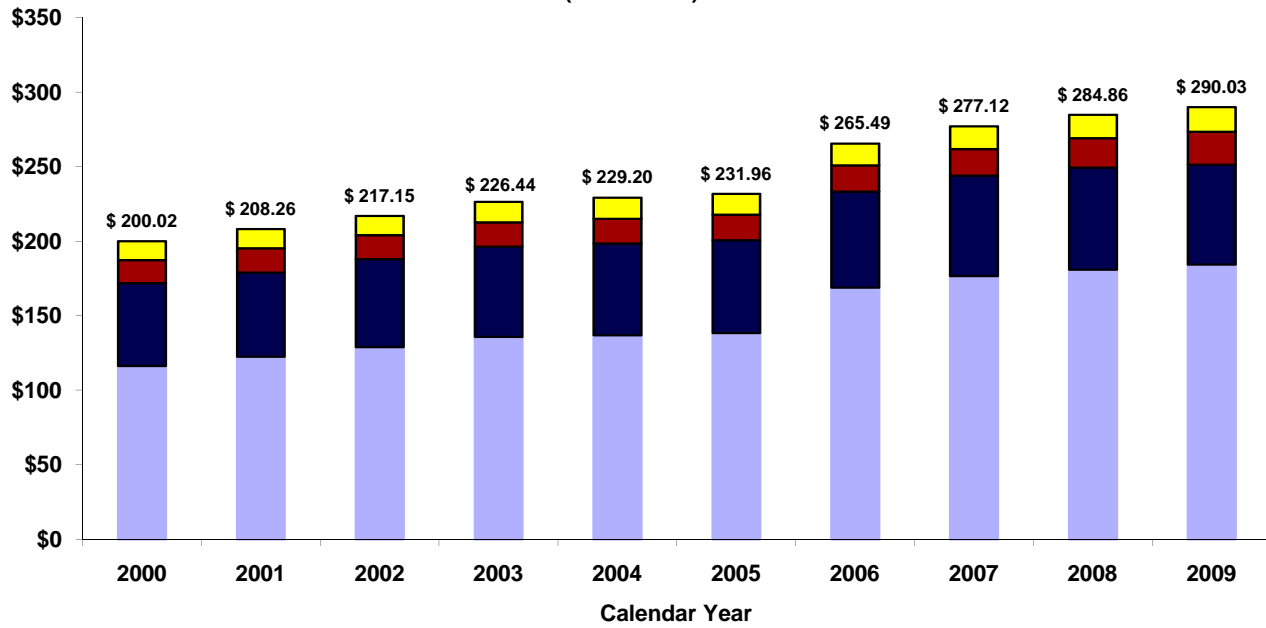
- ▶ **Total Per Diem**
- ▶ **Direct Care Cost Center \***

\* Note: As of Calendar Year 2006, the Active Treatment add-on expense is now part of the Direct Care Cost Center

- ▶ **Indirect Care Cost Center**
- ▶ **Capital Cost Center**
- ▶ **Protected Cost Center**

**All per diems are expenses divided by inpatient days**

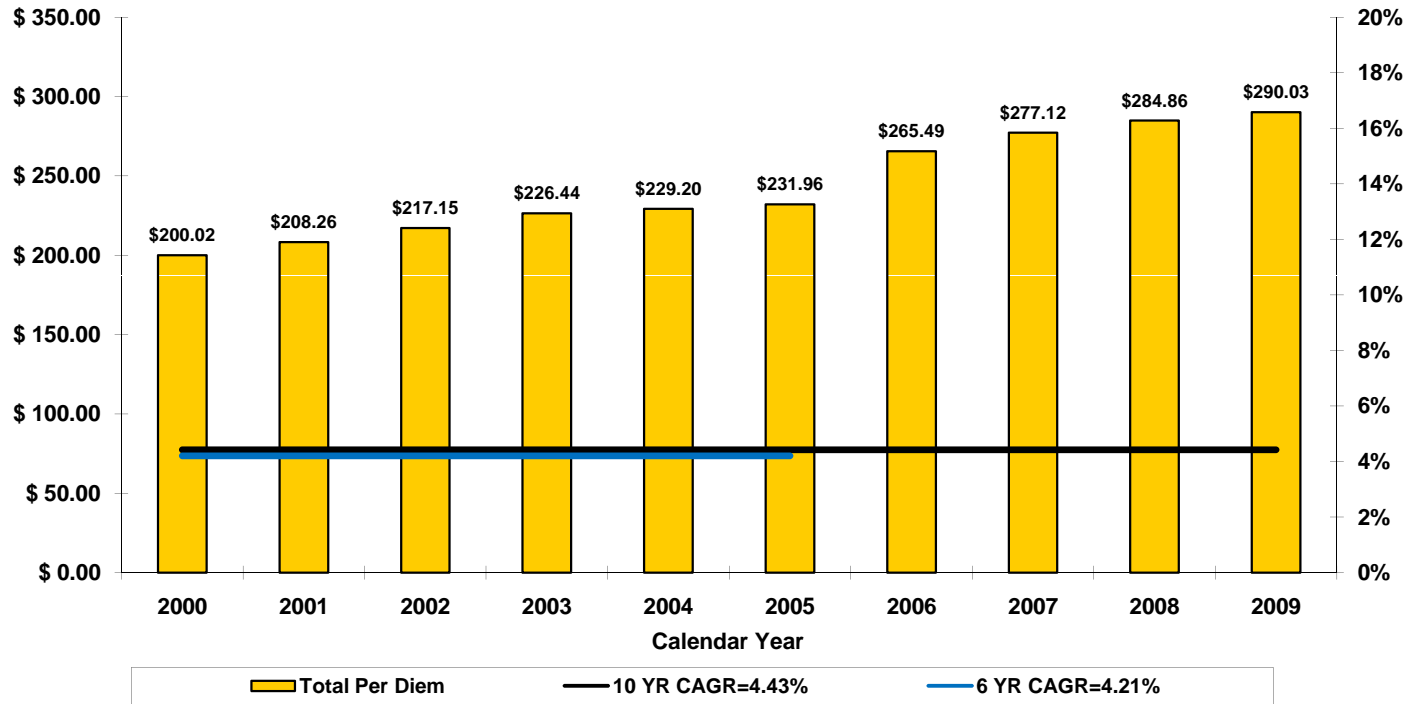
**ICF-MR Facilities**  
**Total Expense Per Diem**  
(2000 - 2009)



Legend: Direct (light blue), Indirect (dark blue), Protected (red), Capital (yellow)

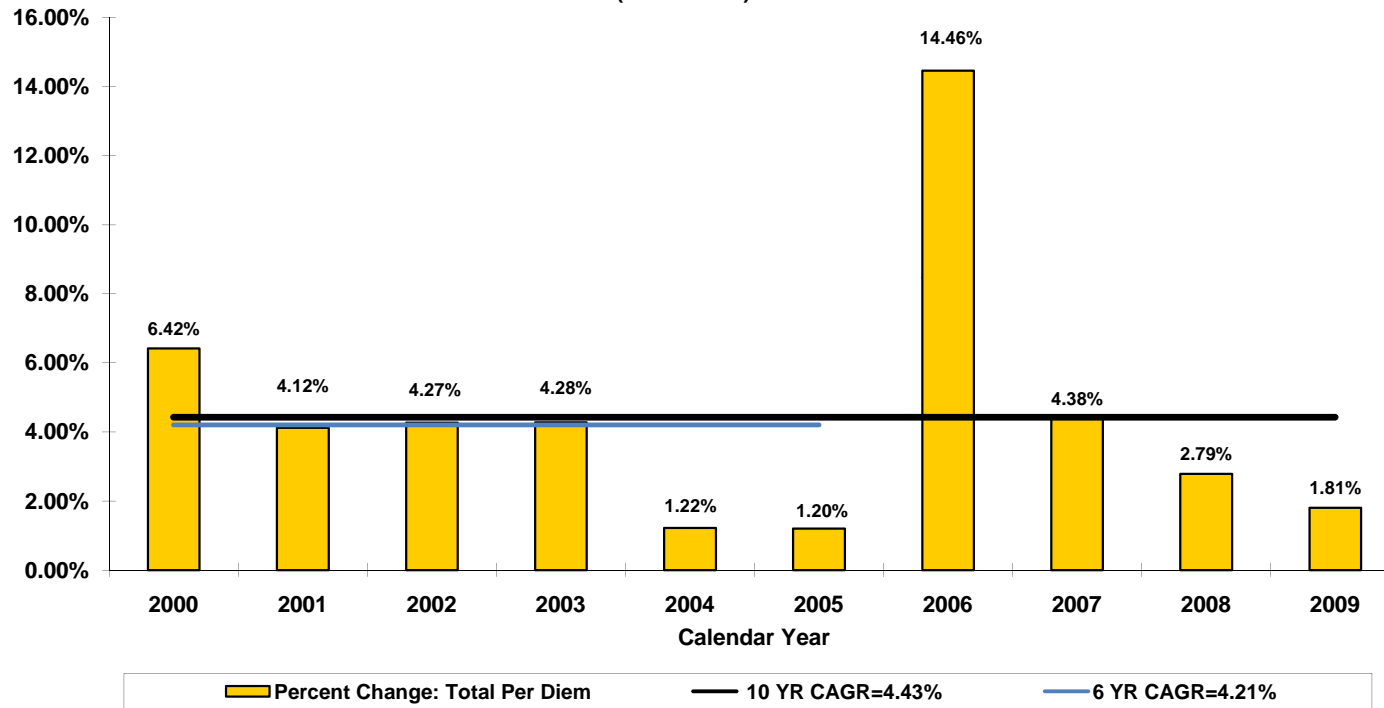
Note: As of Calendar Year 2006, the Active Treatment add-on expense is now part of the Direct Care Cost Center.

### ICF-MR Facilities Total Expense Per Diem (2000 - 2009)



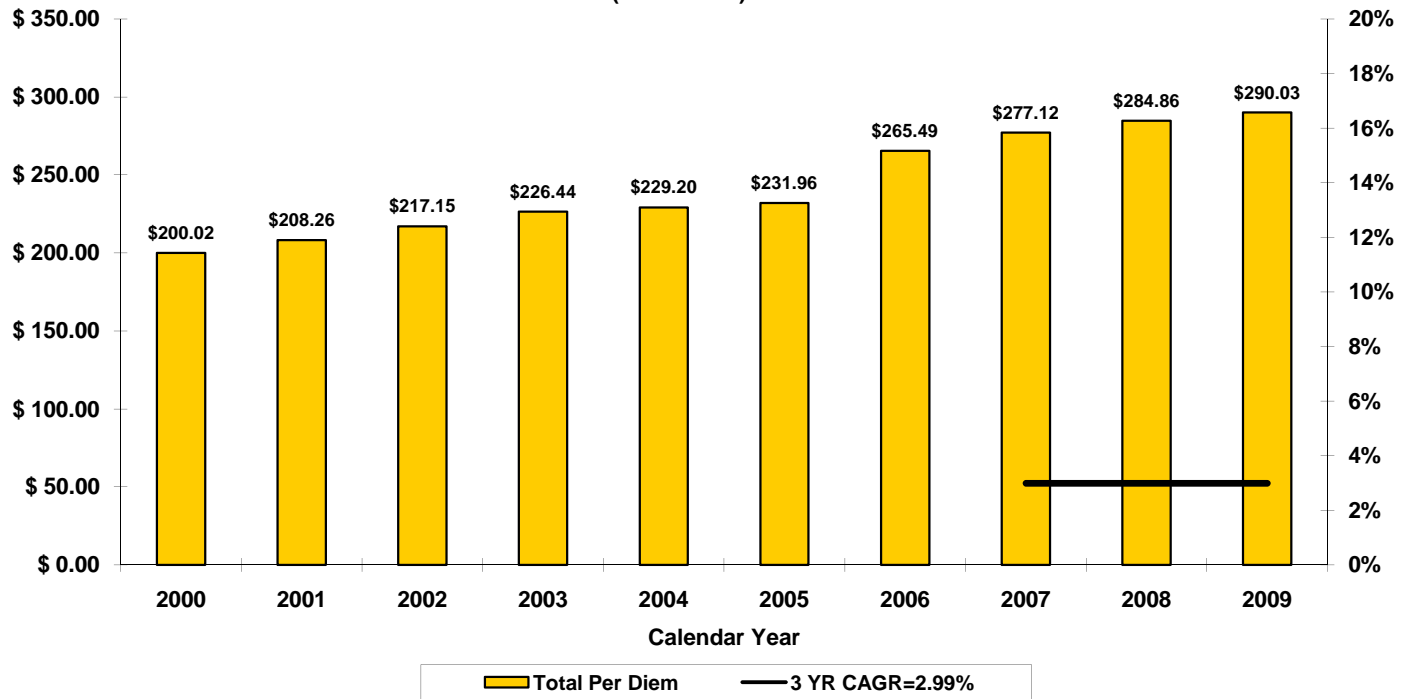
Note: As of Calendar Year 2006, the Active Treatment add-on expense is now part of the Direct Care Cost Center

### ICF-MR Facilities Total Expense Per Diem (2000 - 2009)



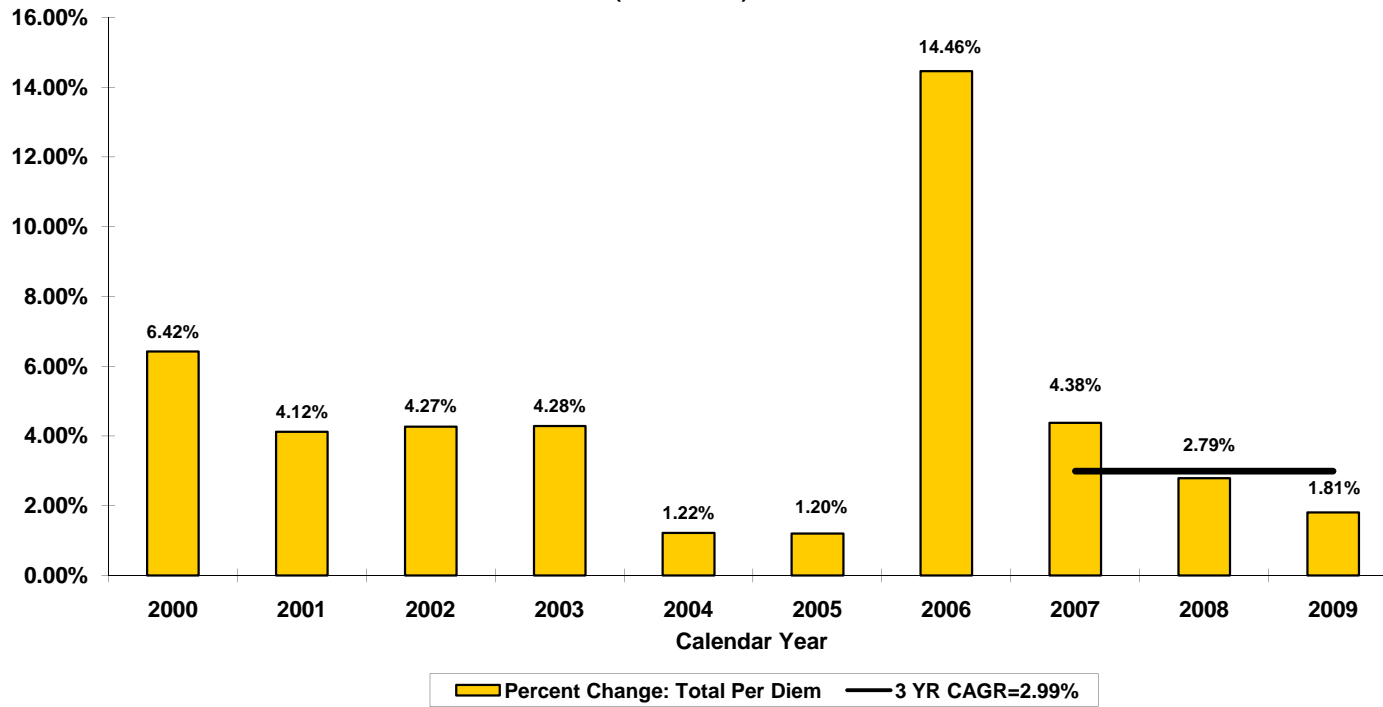
Note: As of Calendar Year 2006, the Active Treatment add-on expense is now part of the Direct Care Cost Center.

### ICF-MR Facilities Total Expense Per Diem (2000 - 2009)



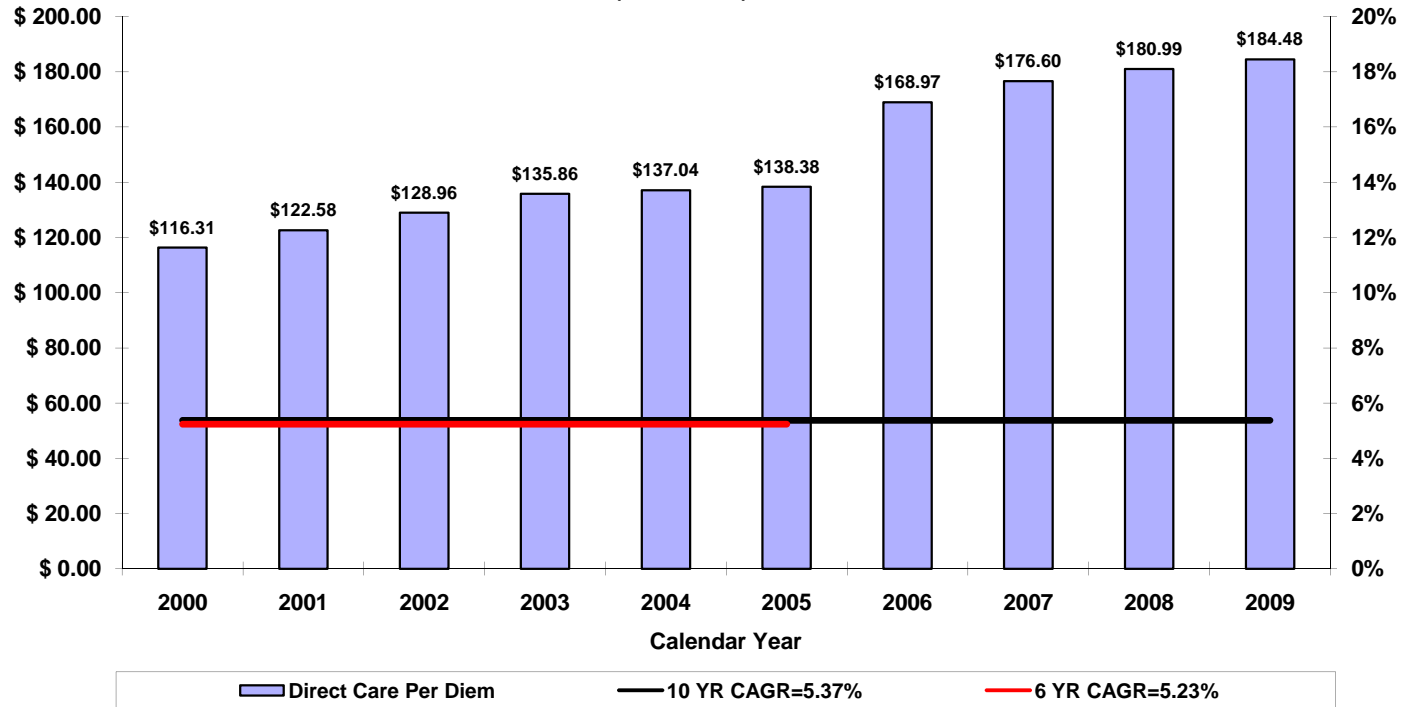
Note: As of Calendar Year 2006, the Active Treatment add-on expense is now part of the Direct Care Cost Center

**ICF-MR Facilities  
Total Expense Per Diem  
(2000 - 2009)**



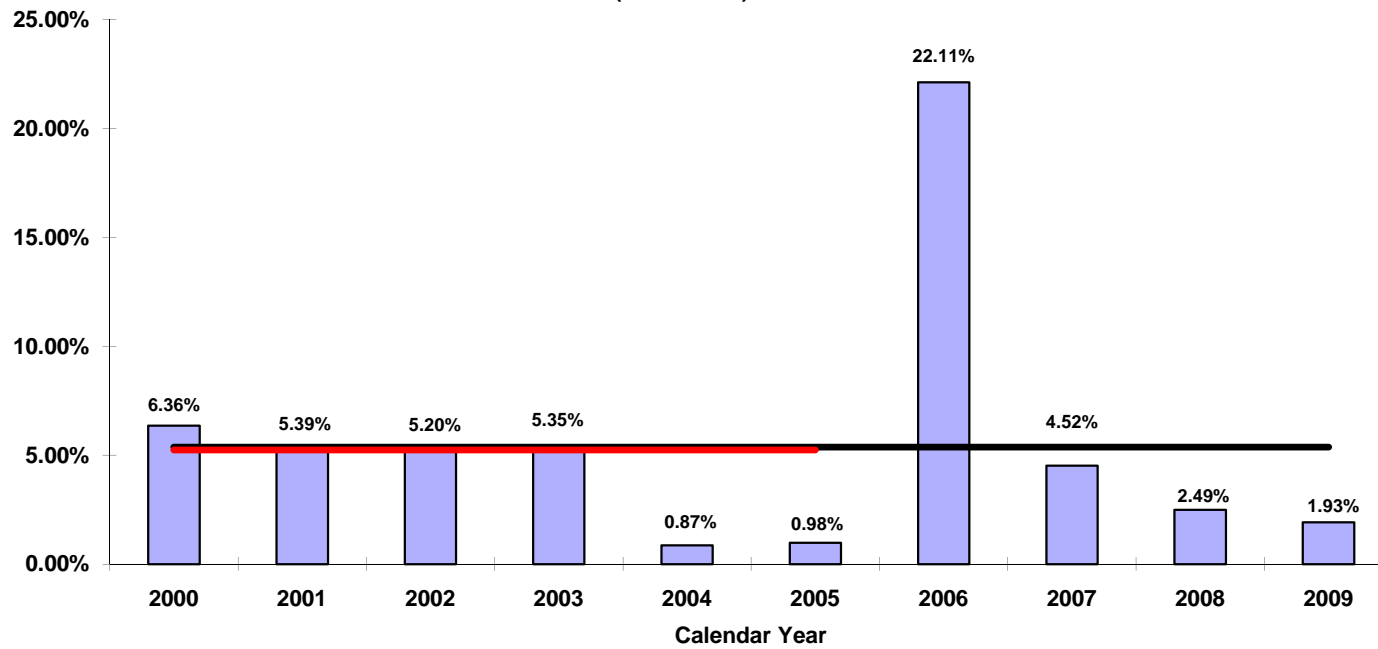
Note: As of Calendar Year 2006, the Active Treatment add-on expense is now part of the Direct Care Cost Center

**ICF-MR Facilities**  
**Direct Care Expense Per Diem**  
 (2000 - 2009)



Note: As of Calendar Year 2006, the Active Treatment add-on expense is now part of the Direct Care Cost Center

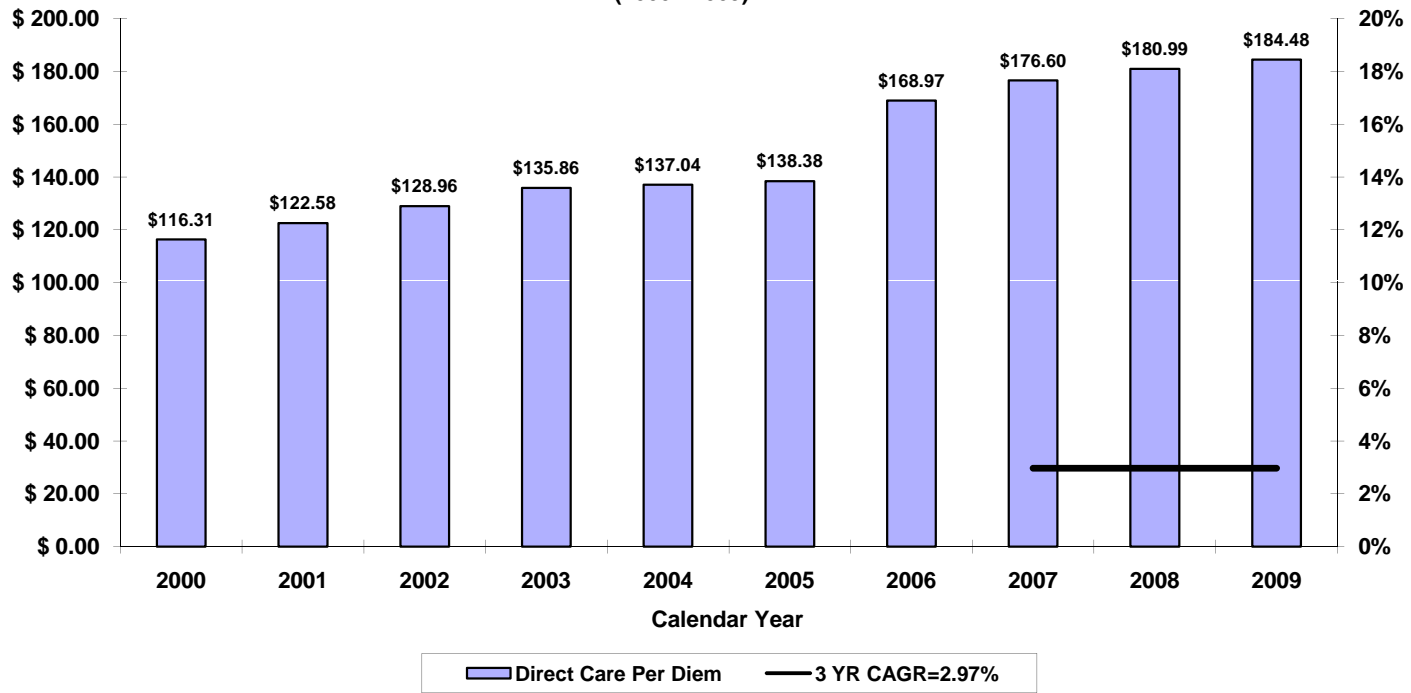
**ICF-MR Facilities**  
**Direct Care Expense Per Diem**  
**(2000 - 2009)**



■ Percent Change: Direct Care Per Diem    — 10 YR CAGR=5.37%    — 6 YR CAGR=5.23%

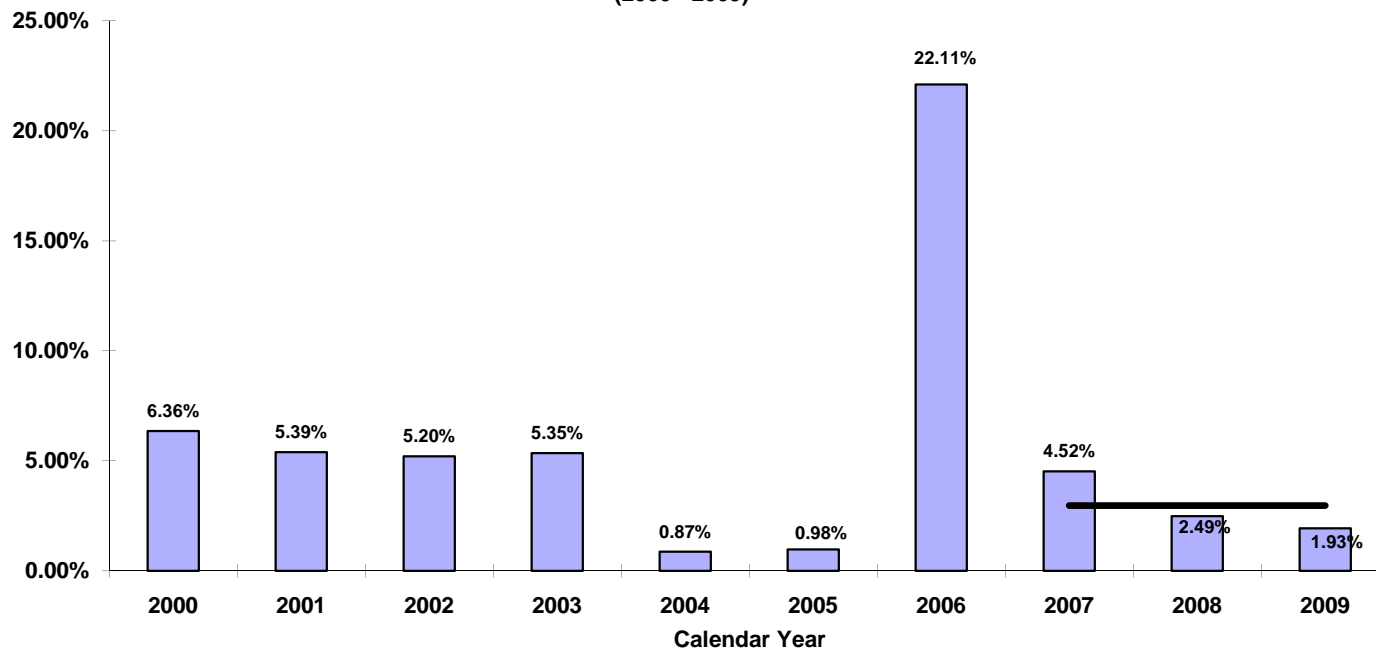
Note: As of Calendar Year 2006, the Active Treatment add-on expense is now part of the Direct Care Cost Center

**ICF-MR Facilities**  
**Direct Care Expense Per Diem**  
(2000 - 2009)



Note: As of Calendar Year 2006, the Active Treatment add-on expense is now part of the Direct Care Cost Center

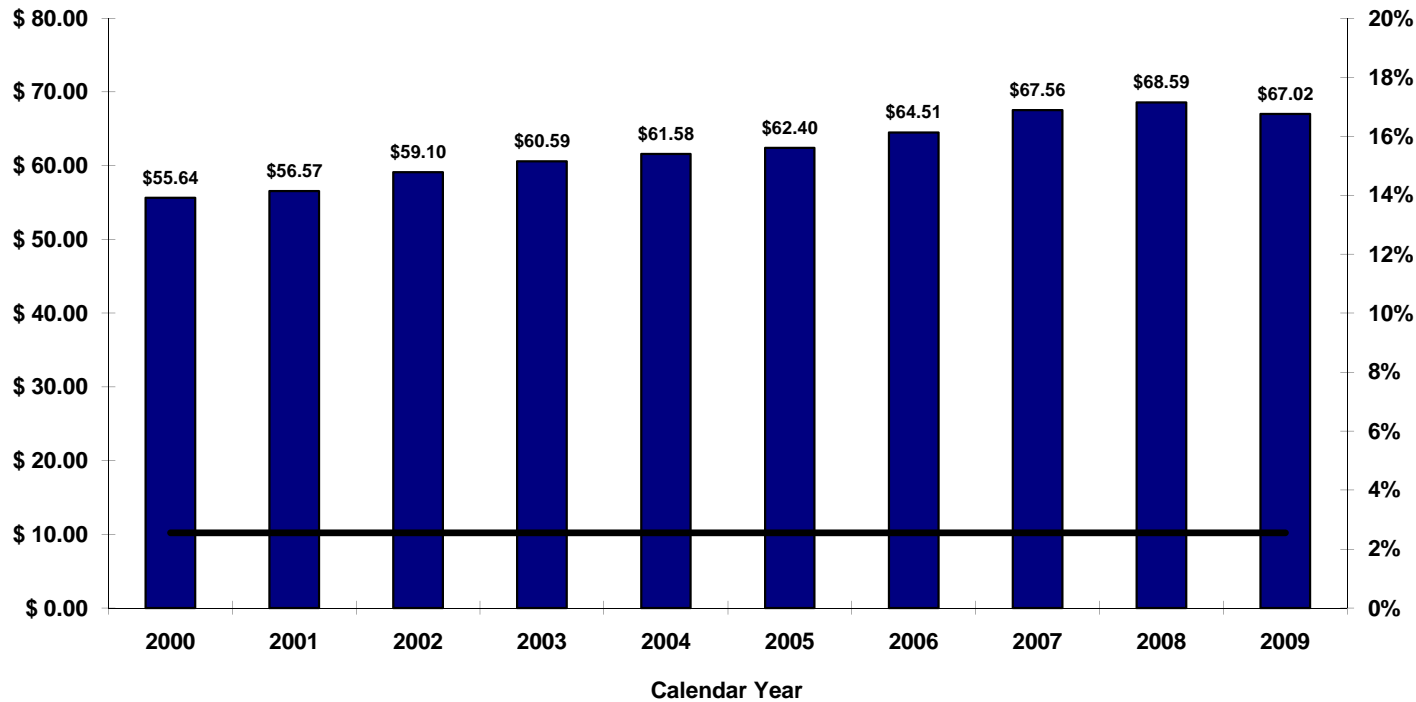
**ICF-MR Facilities**  
**Direct Care Expense Per Diem**  
**(2000 - 2009)**



■ Percent Change: Direct Care Per Diem      — 3 YR CAGR=2.97%

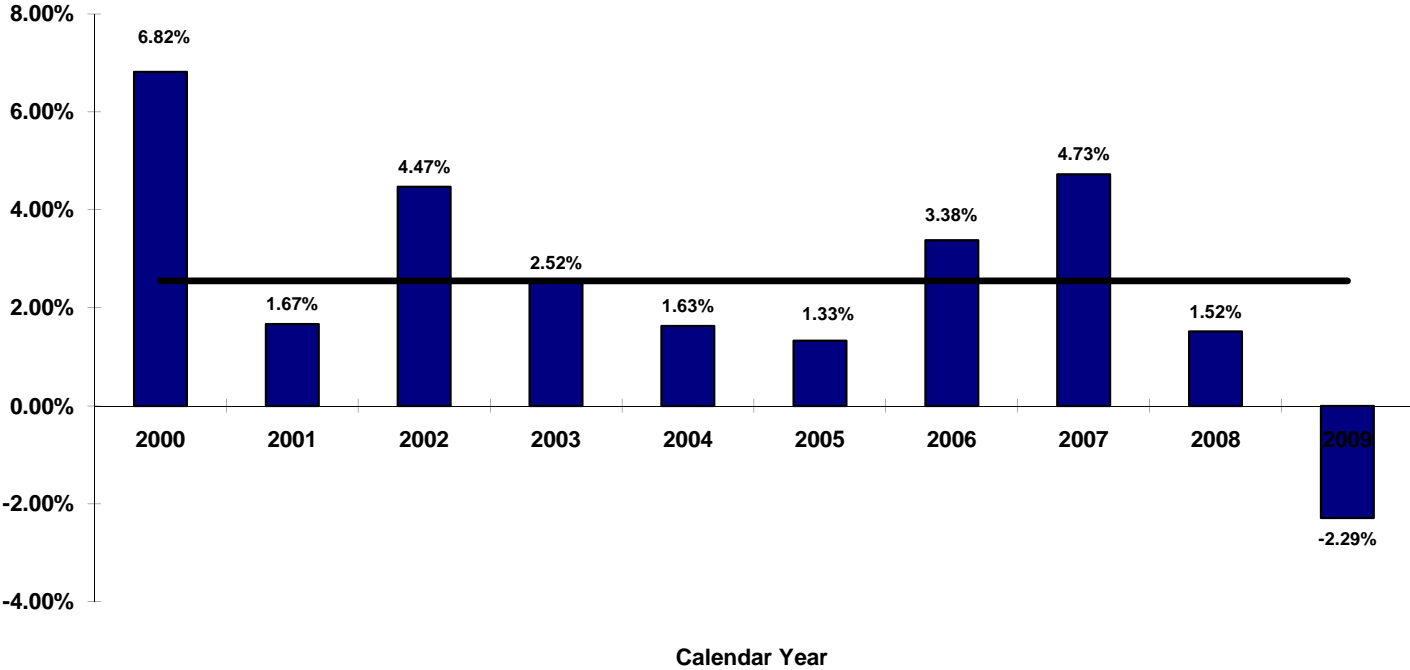
Note: As of Calendar Year 2006, the Active Treatment add-on expense is now part of the Direct Care Cost Center

**ICF-MR Facilities**  
**Indirect Care Expense Per Diem**  
**(2000 - 2009)**



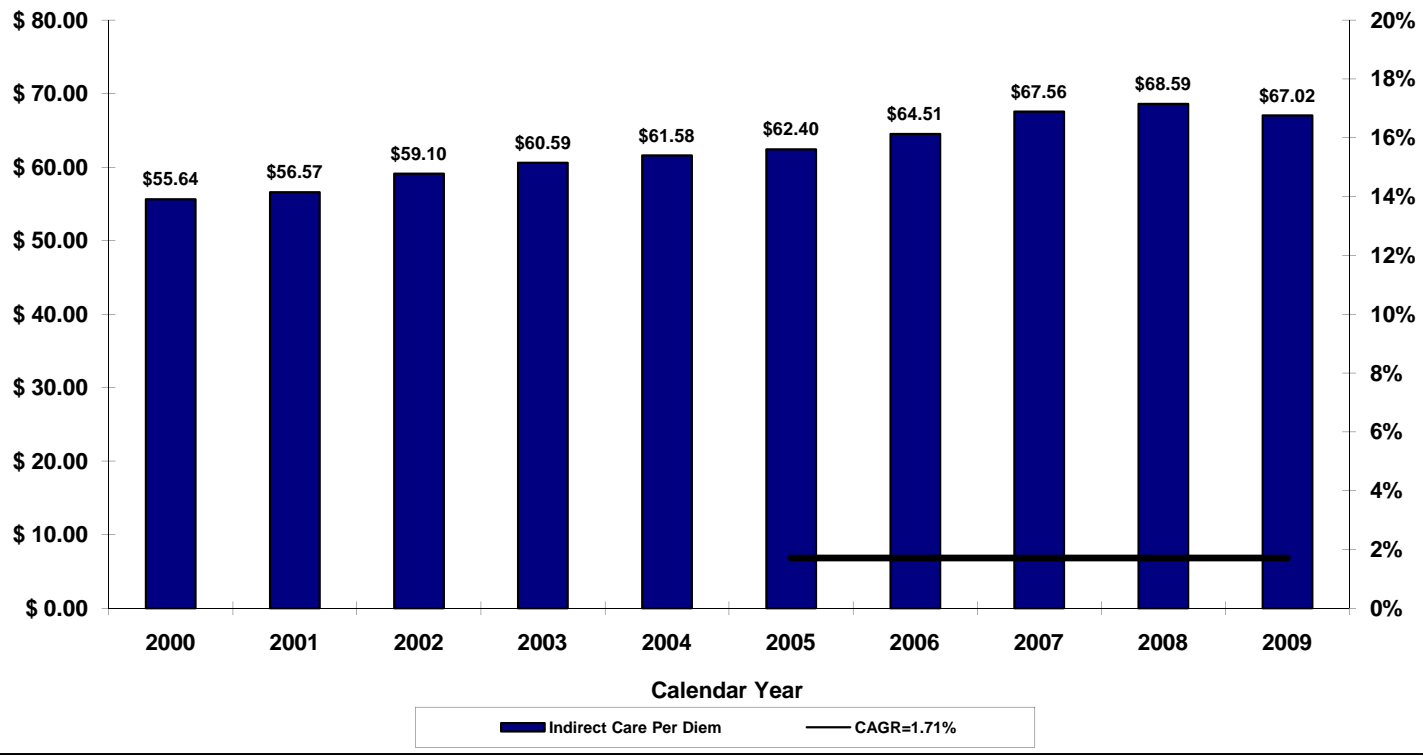
■ Indirect Care Per Diem      — CAGR=2.55%

**ICF-MR Facilities**  
**Indirect Care Expense Per Diem**  
**(2000 - 2009)**

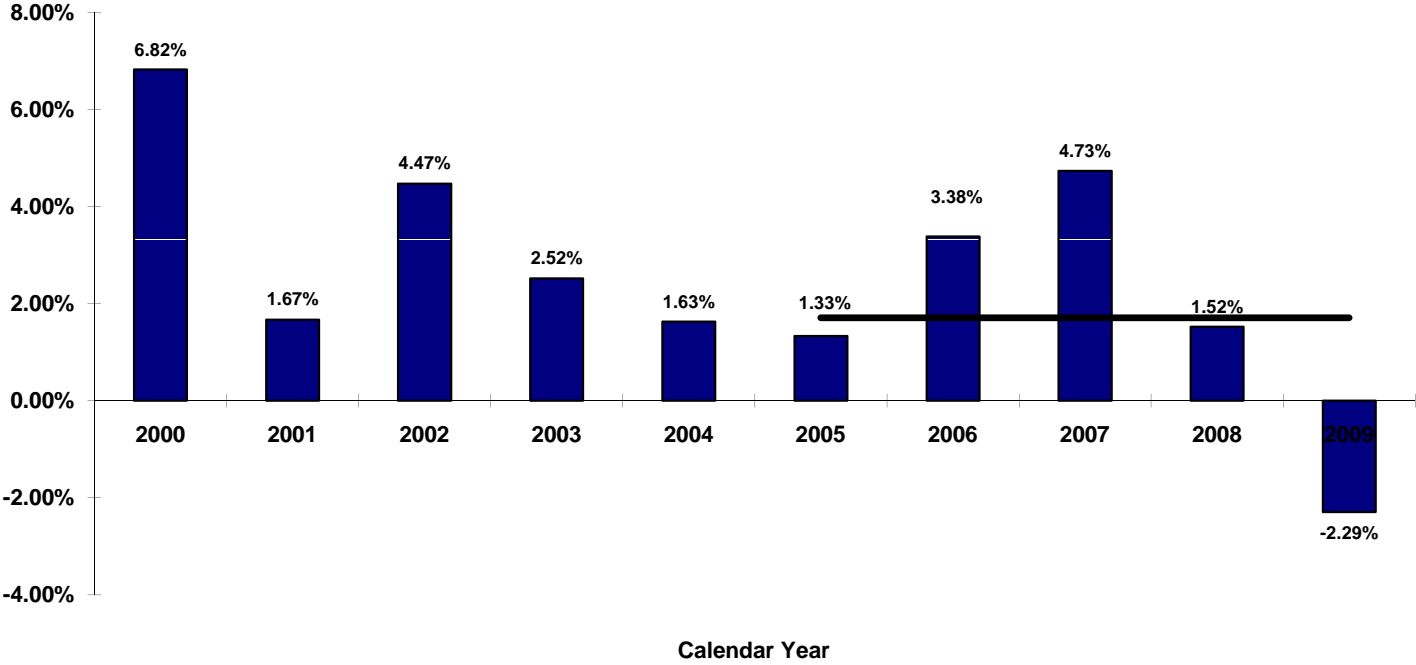


■ Percent Change: Indirect Care Per Diem    — CAGR=2.55%

**ICF-MR Facilities**  
**Indirect Care Expense Per Diem**  
**(2000 - 2009)**

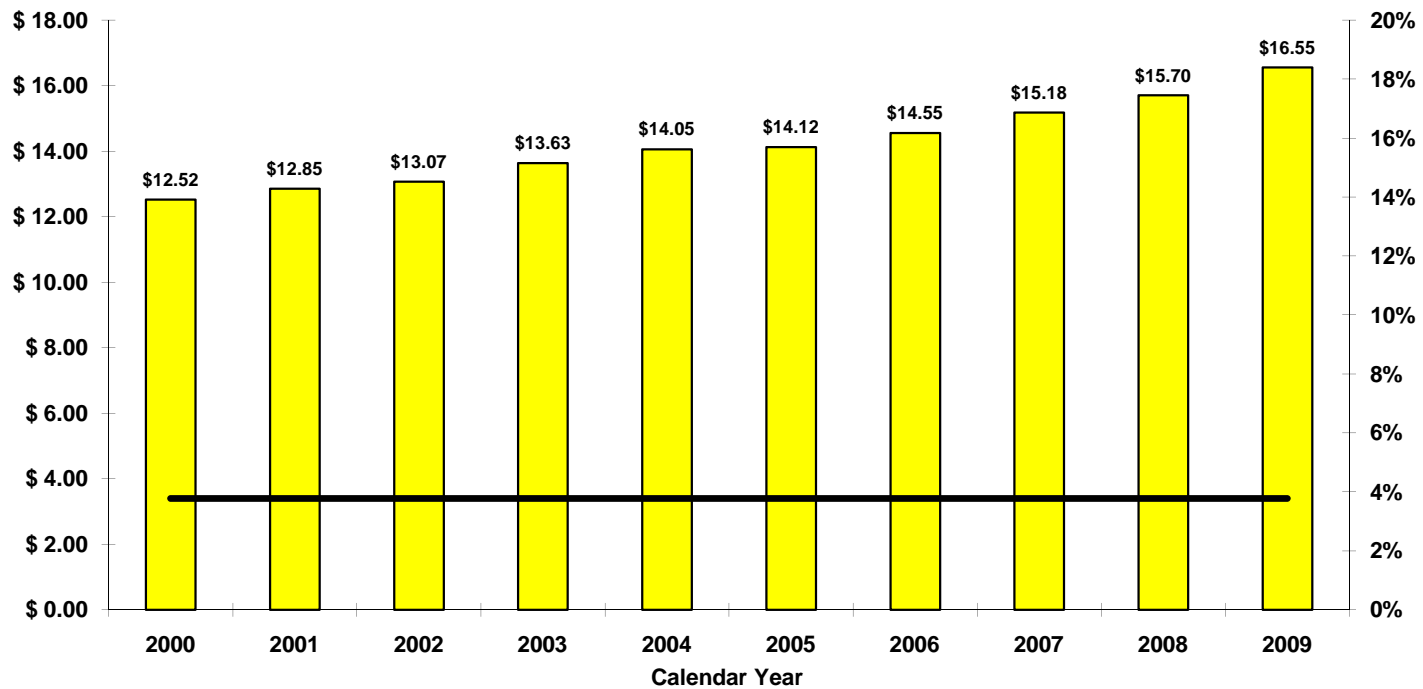


**ICF-MR Facilities**  
**Indirect Care Expense Per Diem**  
**(2000 - 2009)**



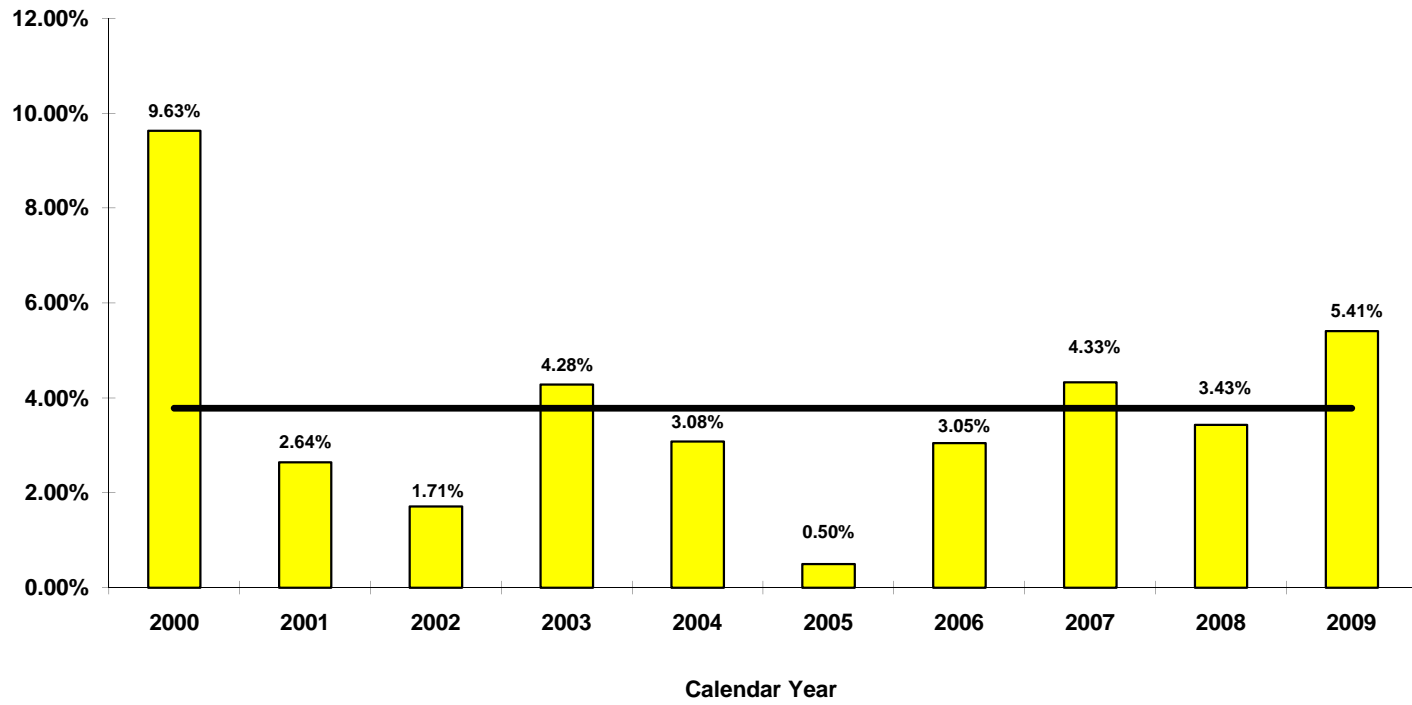
■ Percent Change: Indirect Care Per Diem      — CAGR=1.71%

### ICF-MR Facilities Capital Expense Per Diem (2000 - 2009)



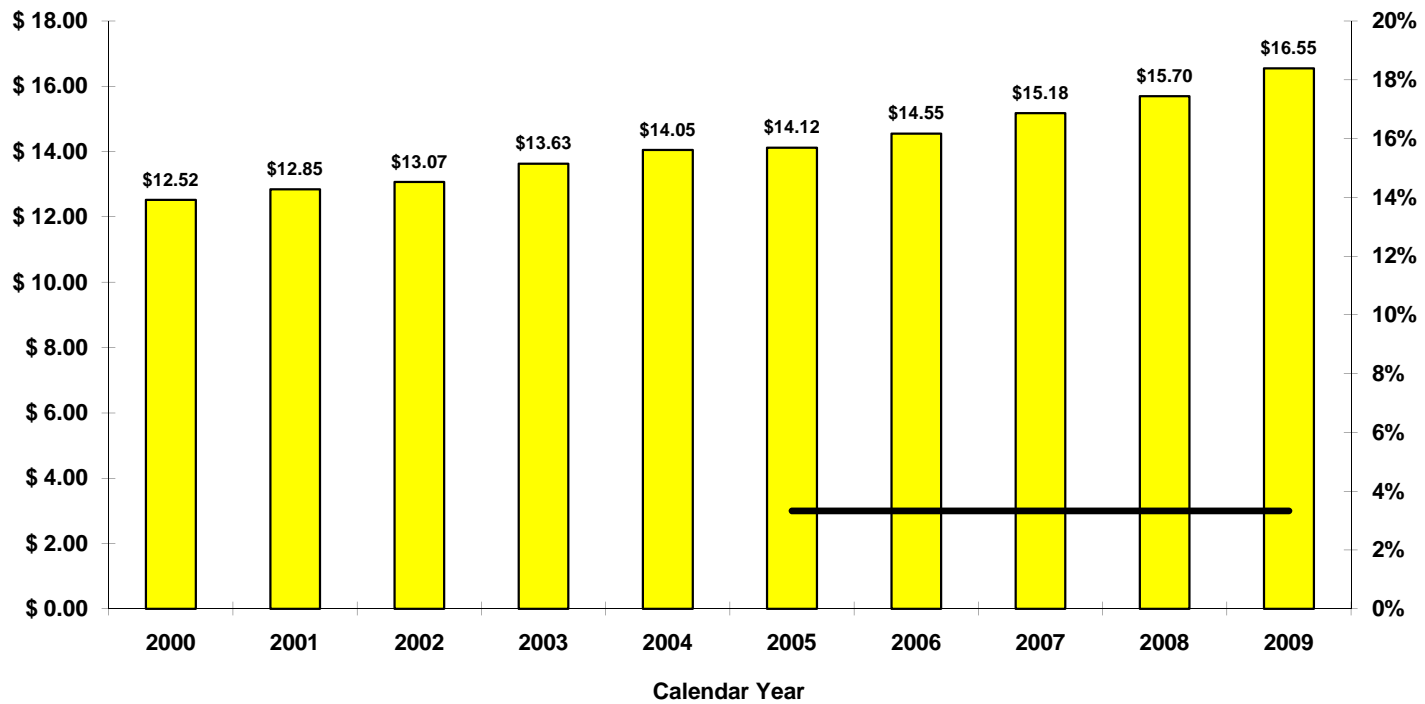
Capital Expense Per Diem CAGR=3.78%

**ICF-MR Facilities  
Capital Expense Per Diem  
(2000 - 2009)**



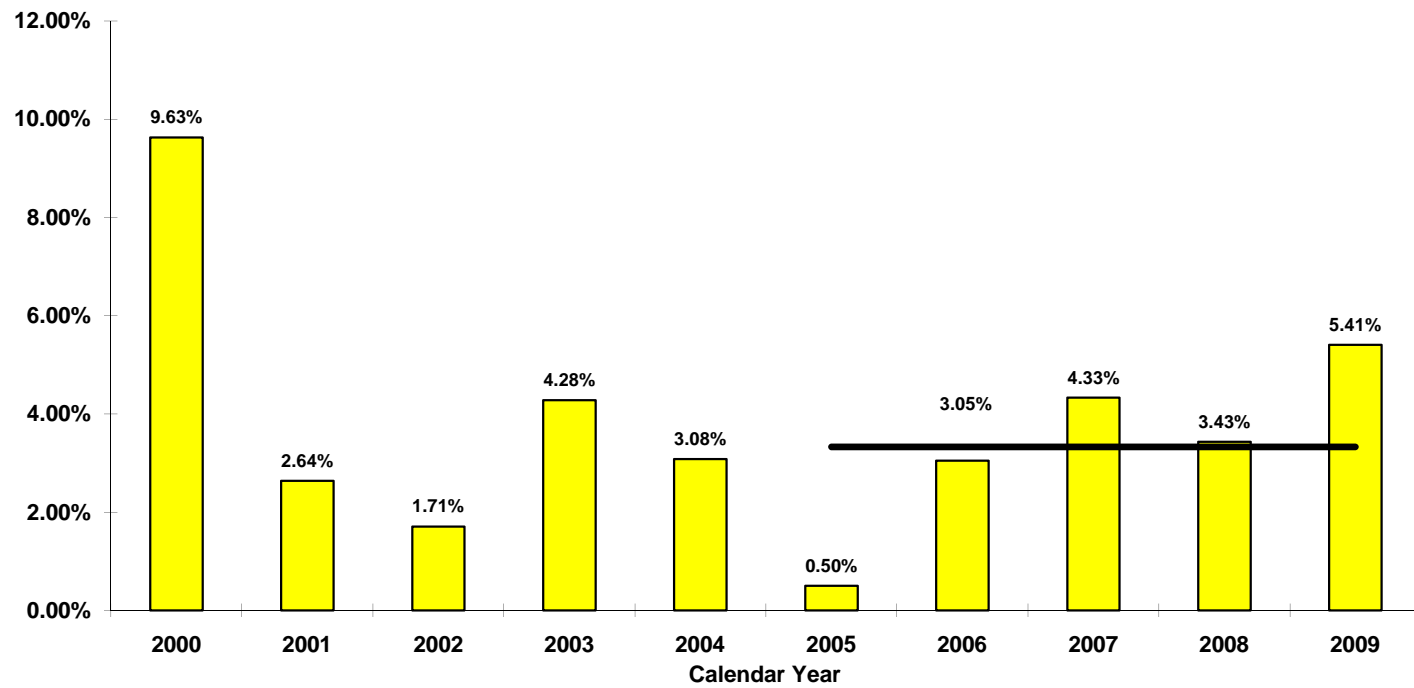
■ Percent Change: Capital Per Diem      — CAGR=3.78%

### ICF-MR Facilities Capital Expense Per Diem (2000 - 2009)



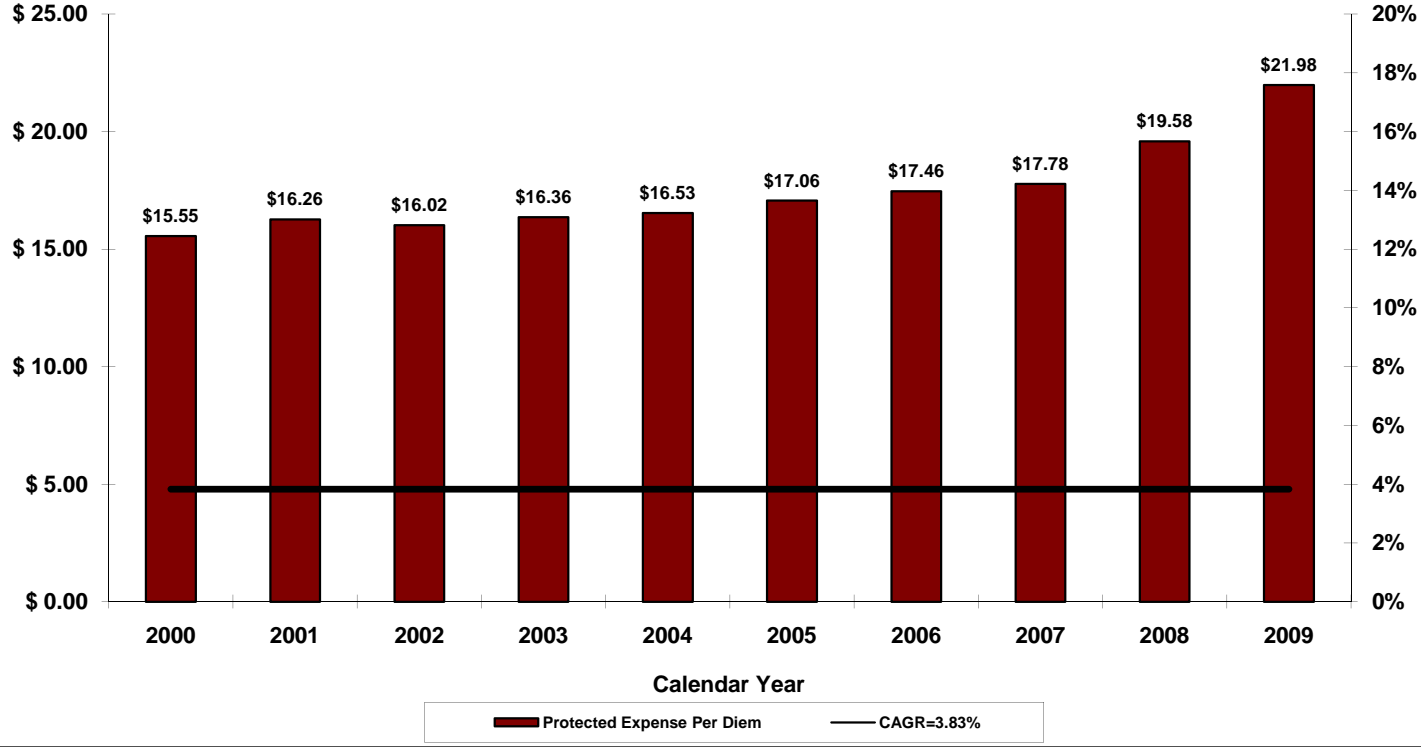
Capital Expense Per Diem CAGR=3.33%

**ICF-MR Facilities  
Capital Expense Per Diem  
(2000 - 2009)**

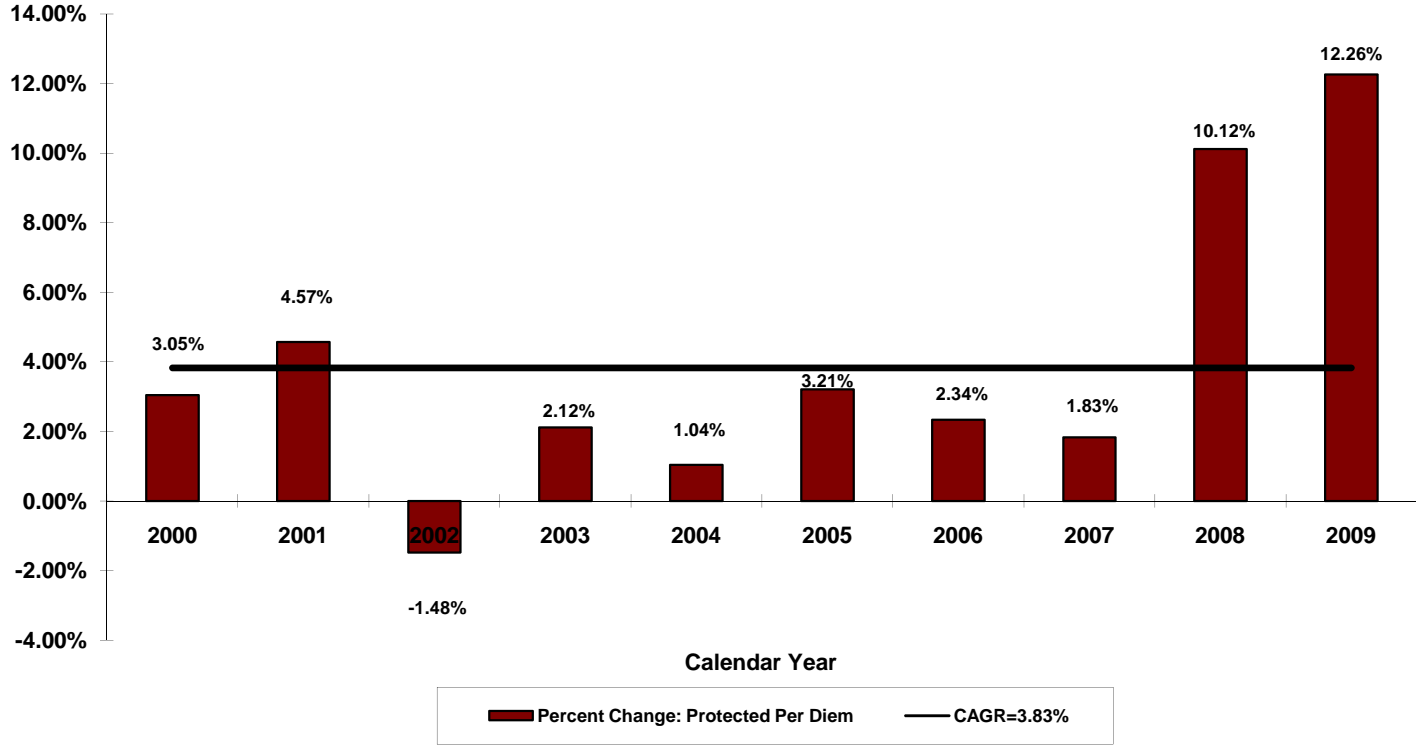


■ Percent Change: Capital Per Diem      — CAGR=3.33%

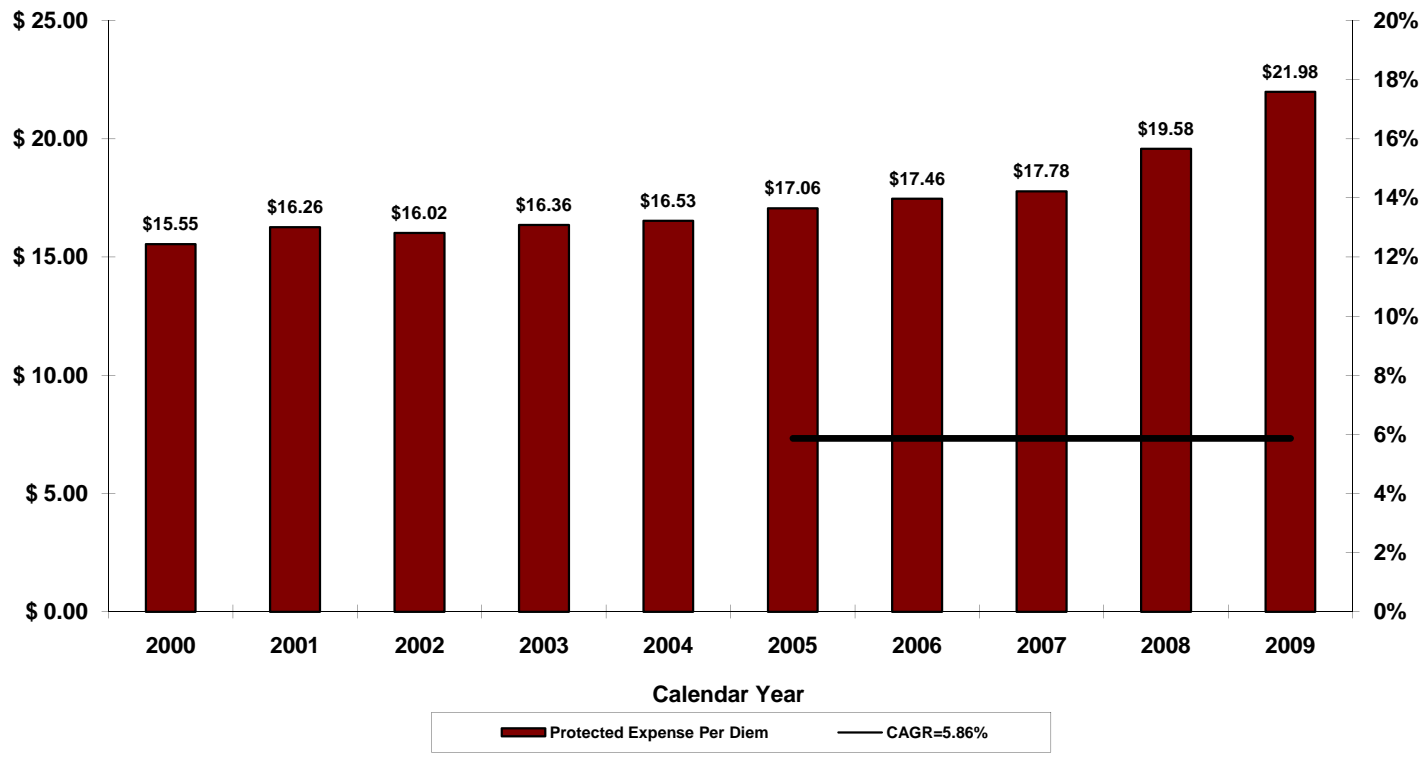
**ICF-MR Facilities**  
**Protected Expense Per Diem**  
**(2000 - 2009)**



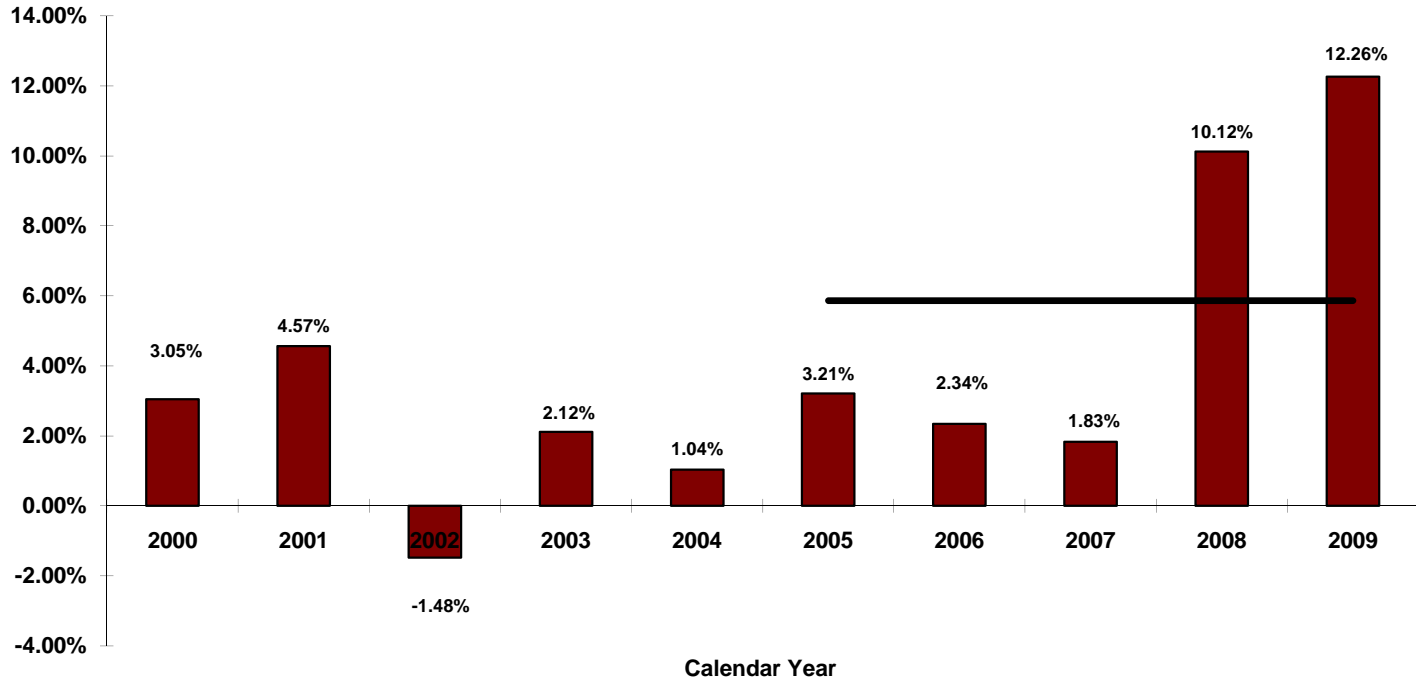
**ICF-MR Facilities**  
**Protected Expense Per Diem**  
**(2000 - 2009)**



**ICF-MR Facilities**  
**Protected Expense Per Diem**  
**(2000 - 2009)**



**ICF-MR Facilities  
Protected Expense Per Diem  
(2000 - 2009)**



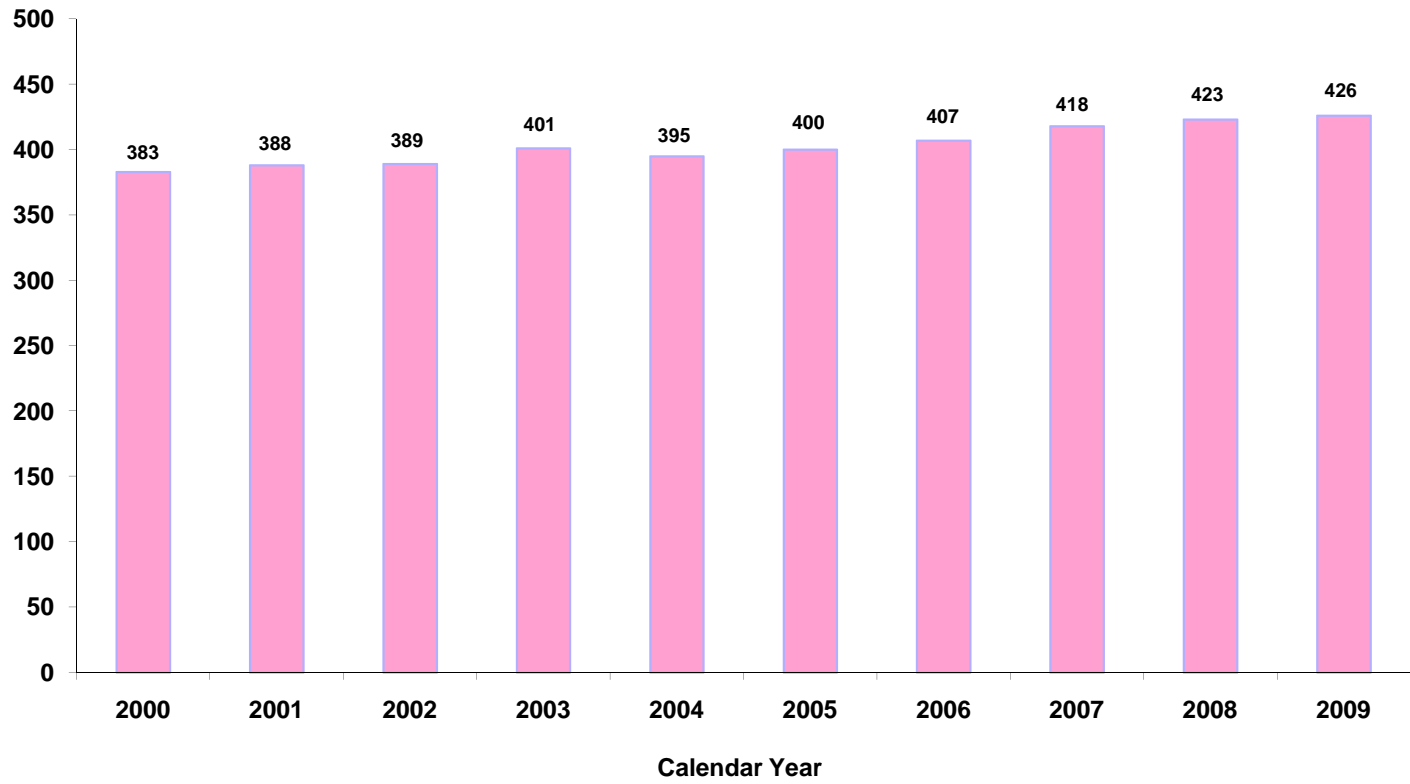
■ Percent Change: Protected Per Diem      — CAGR=5.86%

# Facility Information

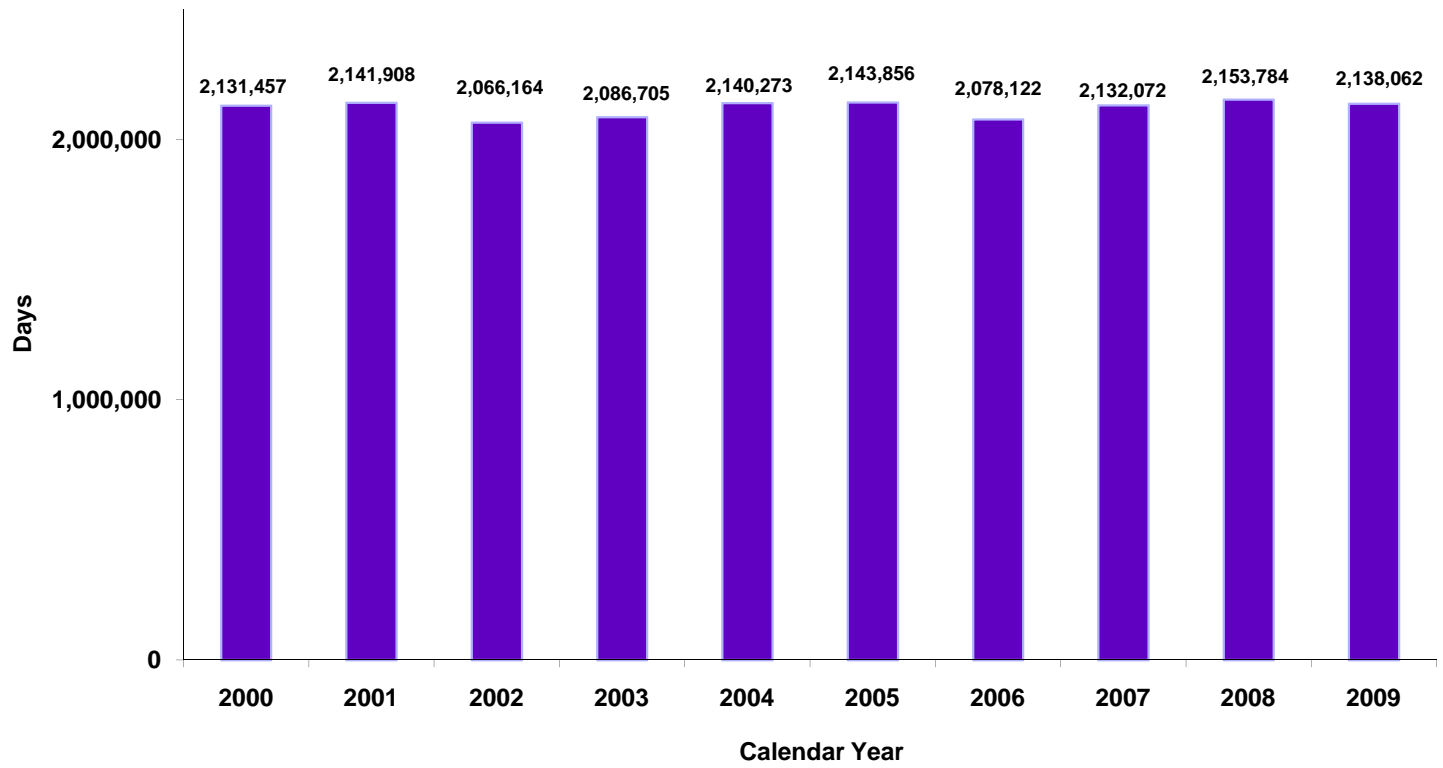
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- < **Number of Facilities**
- < **Bed Days Available**
- < **Vacant Bed Days Available**
- < **Estimated Vacant Beds**
- < **Inpatient Days**
  - Í **Medicaid Days**
  - Í **Private Days**
  - Í **Medicare Days**
  - Í **Veteran/Other Days**

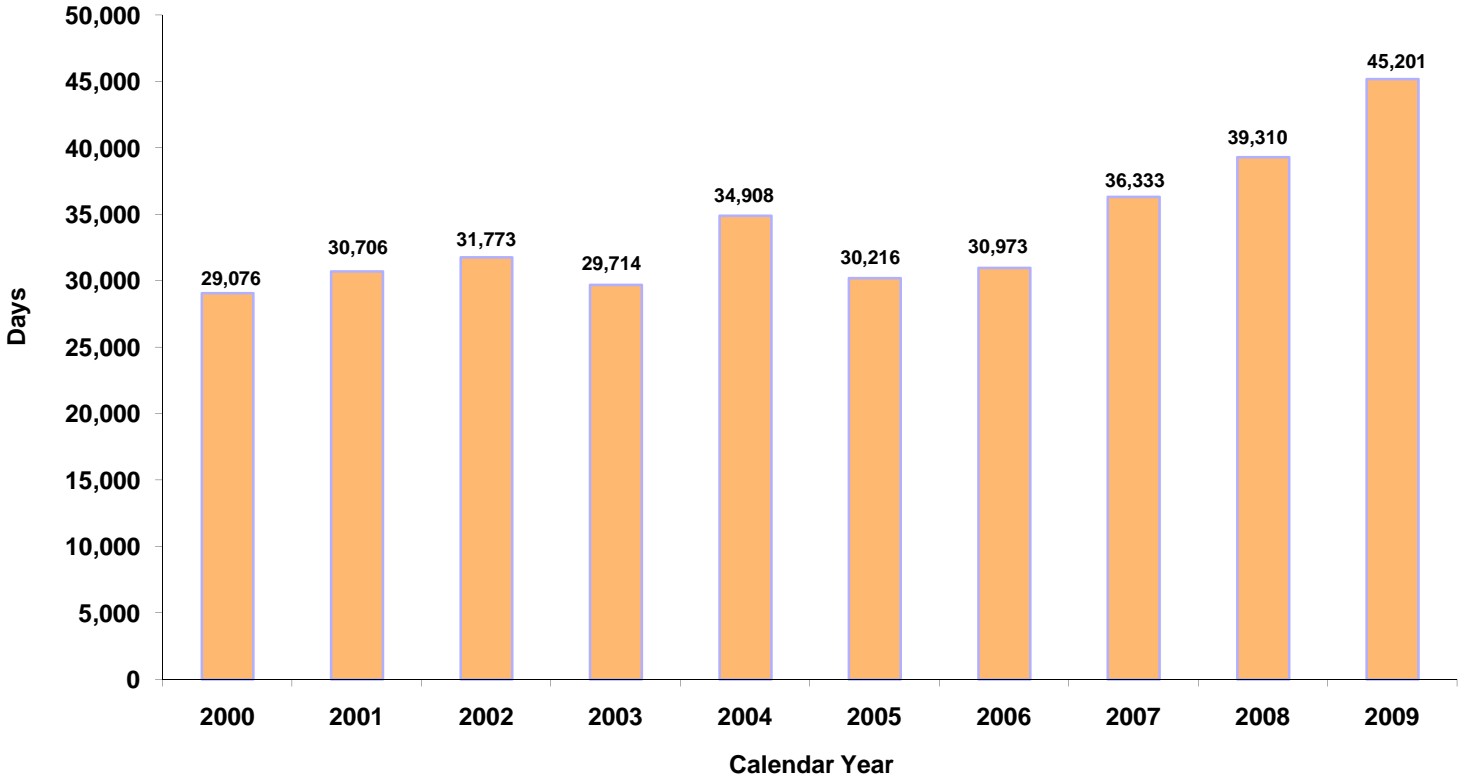
**ICF-MR Facilities**  
**Number of Facilities**  
**(2000 - 2009)**



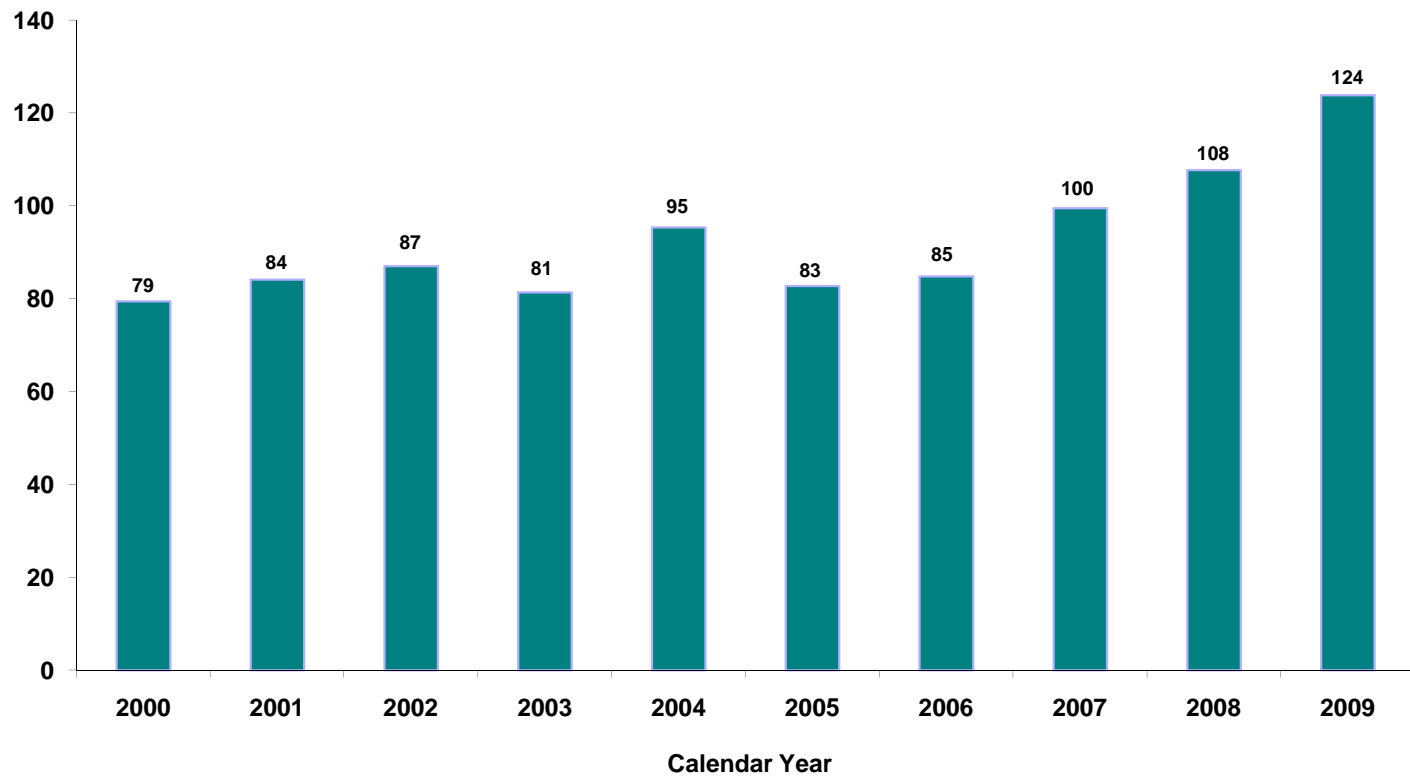
**ICF-MR Facilities  
Bed Days Available  
(2000 - 2009)**



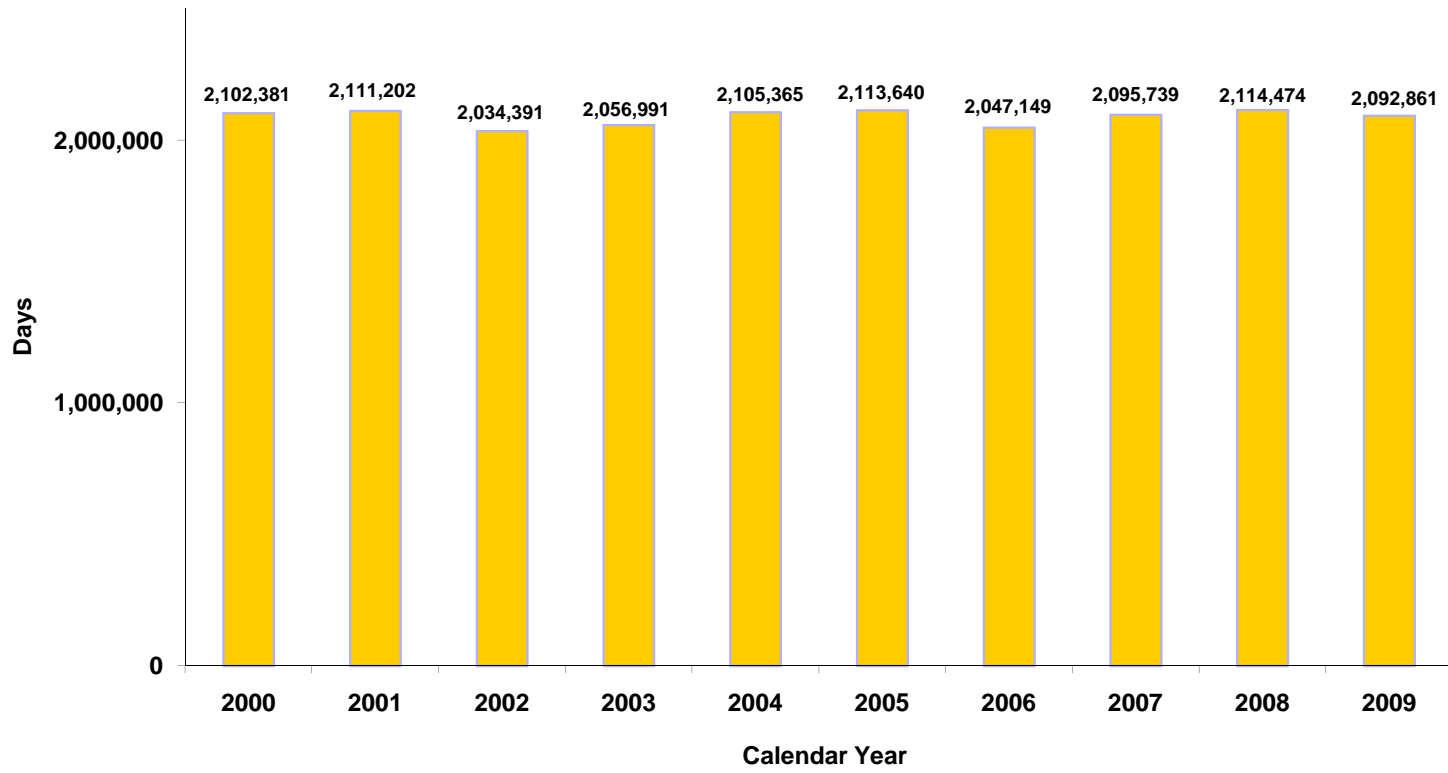
**ICF-MR Facilities  
Vacant Bed Days Available  
(2000 - 2009)**



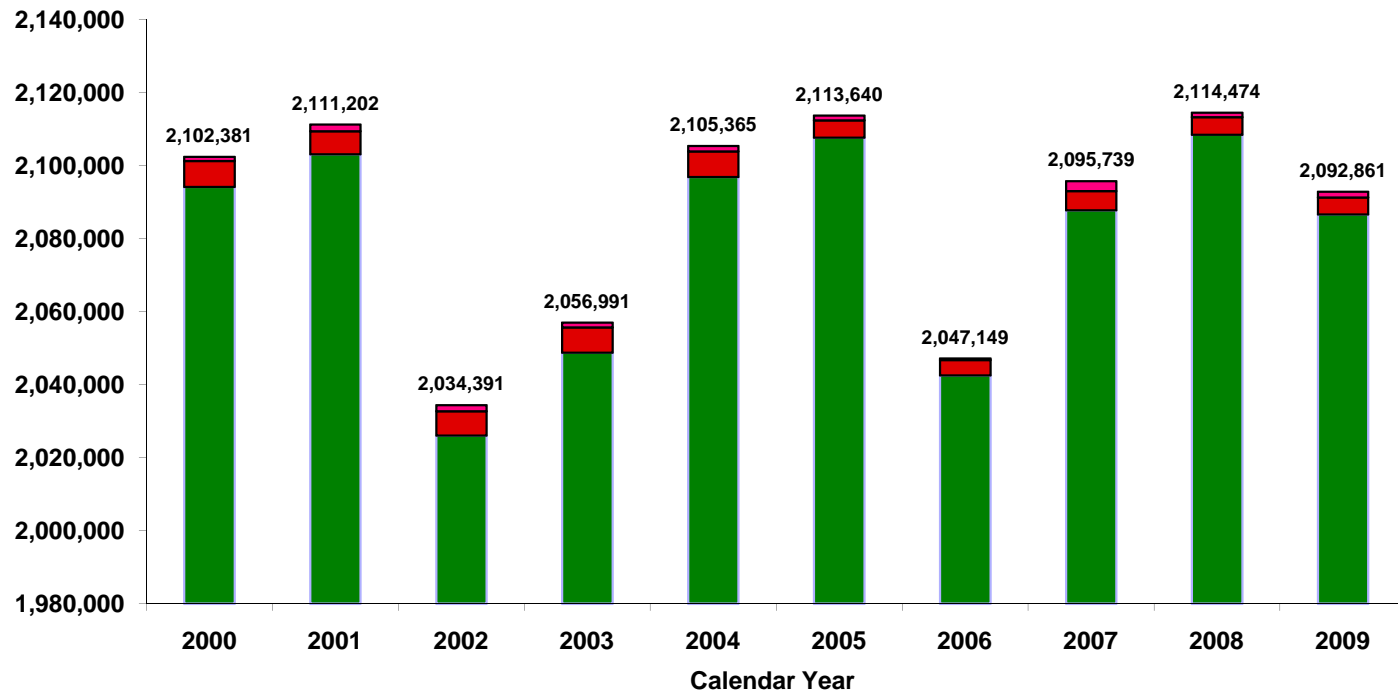
**ICF-MR Facilities**  
**Estimated # Vacant Beds**  
**(2000 - 2009)**



**ICF-MR Facilities  
Inpatient Days  
(2000 - 2009)**

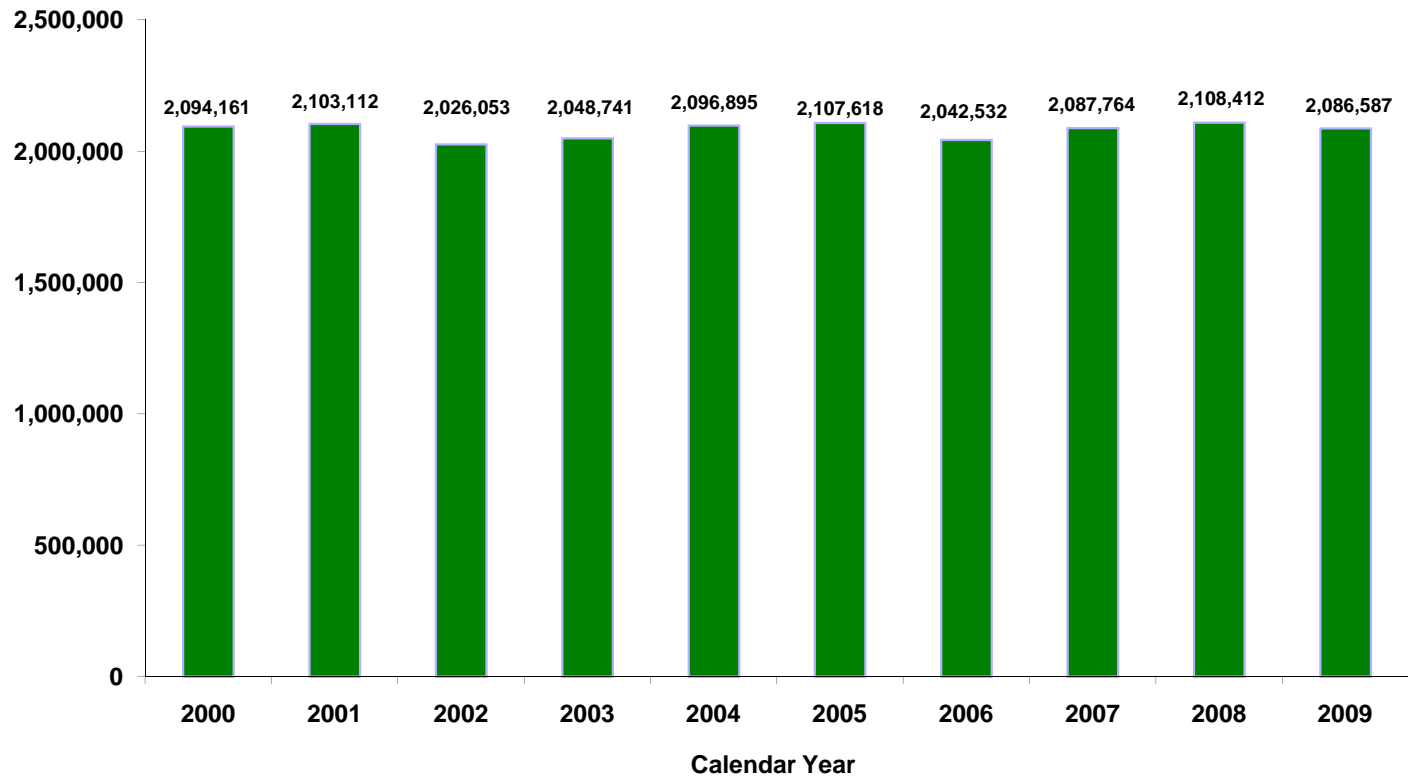


### ICF-MR Facilities Inpatient Days (2000 - 2009)



■ Medicaid Days ■ Private Days ■ Veterans/Other Days ■ Medicare Days

**ICF-MR Facilities  
Medicaid Days  
(2000 - 2009)**

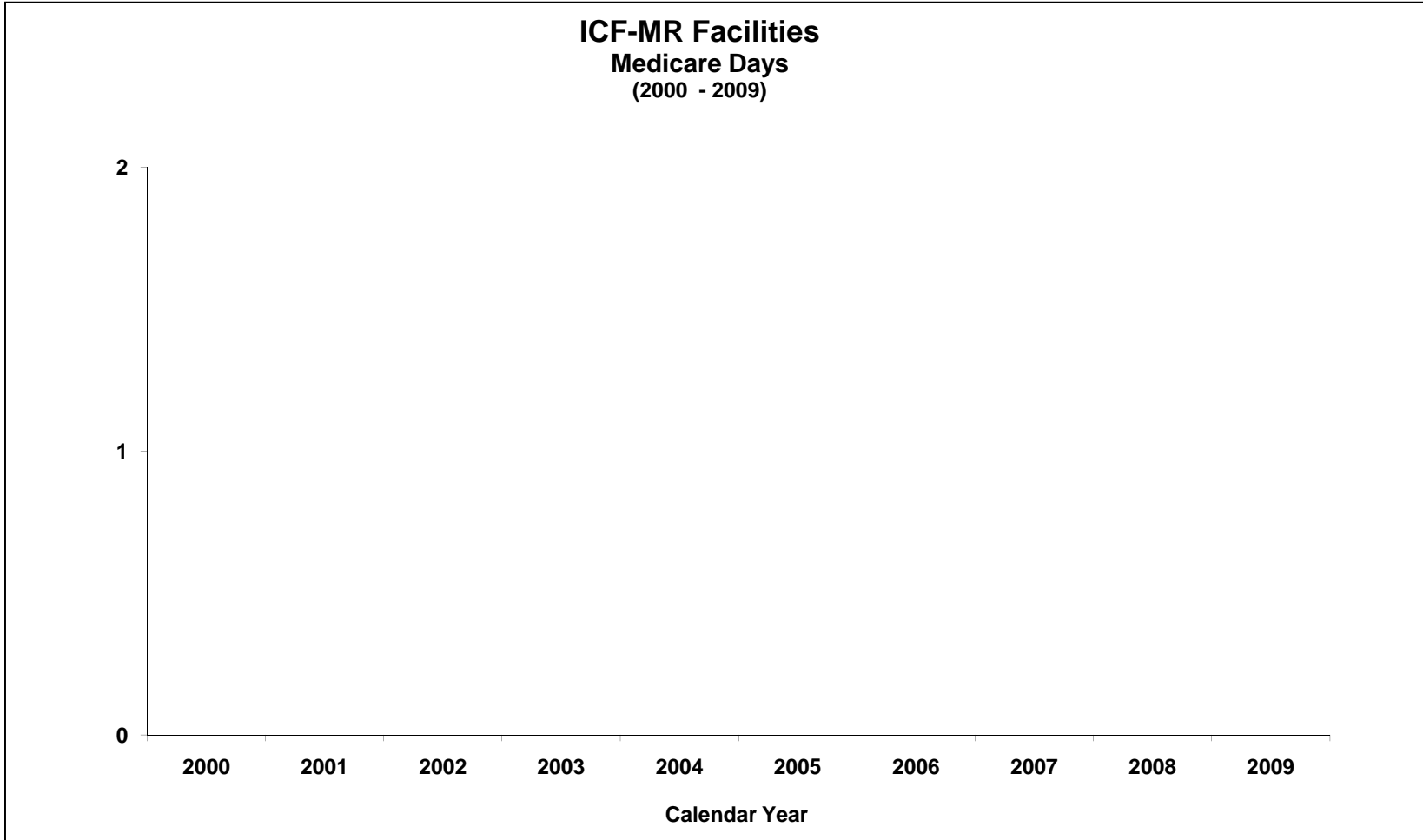


**ICF-MR Facilities  
Medicare Days  
(2000 - 2009)**

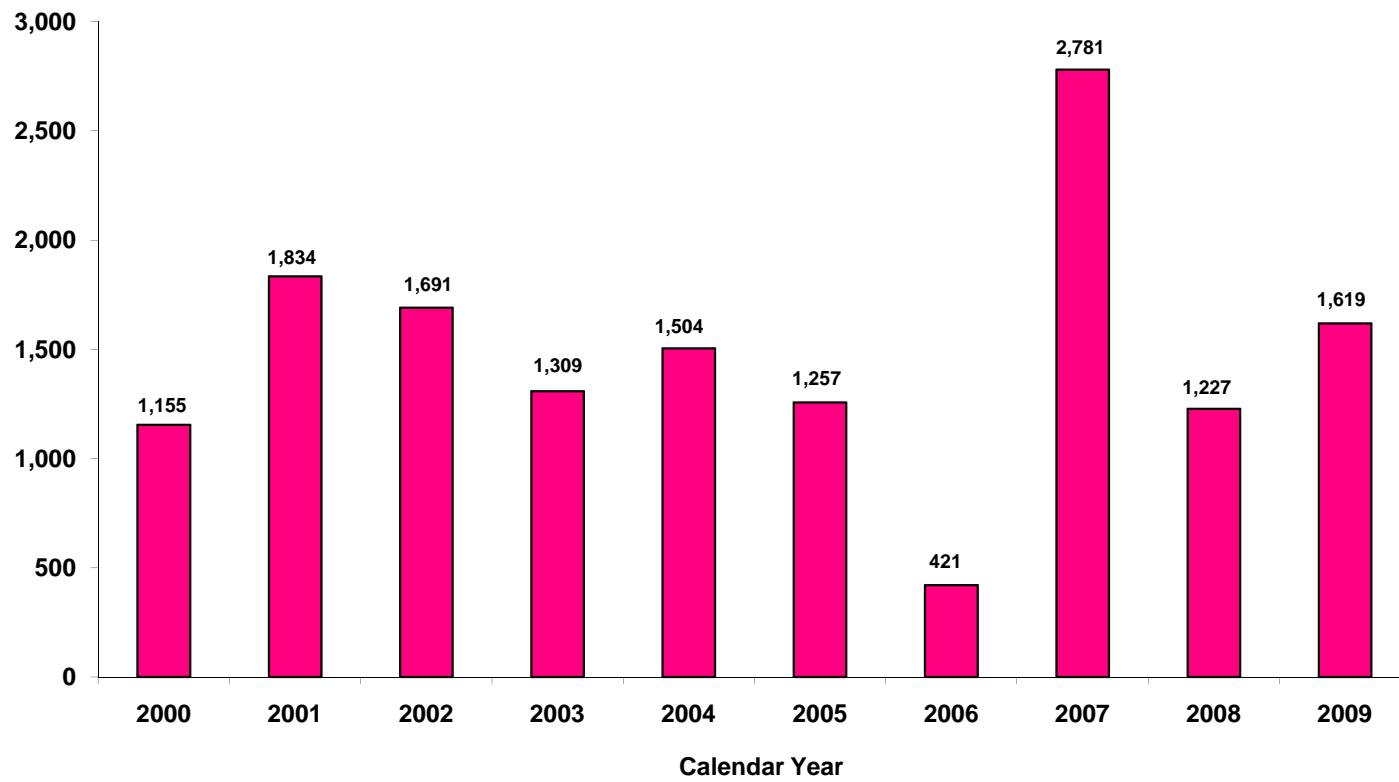
2  
1  
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2000 2001 2002 2003 2004 2005 2006 2007 2008 2009

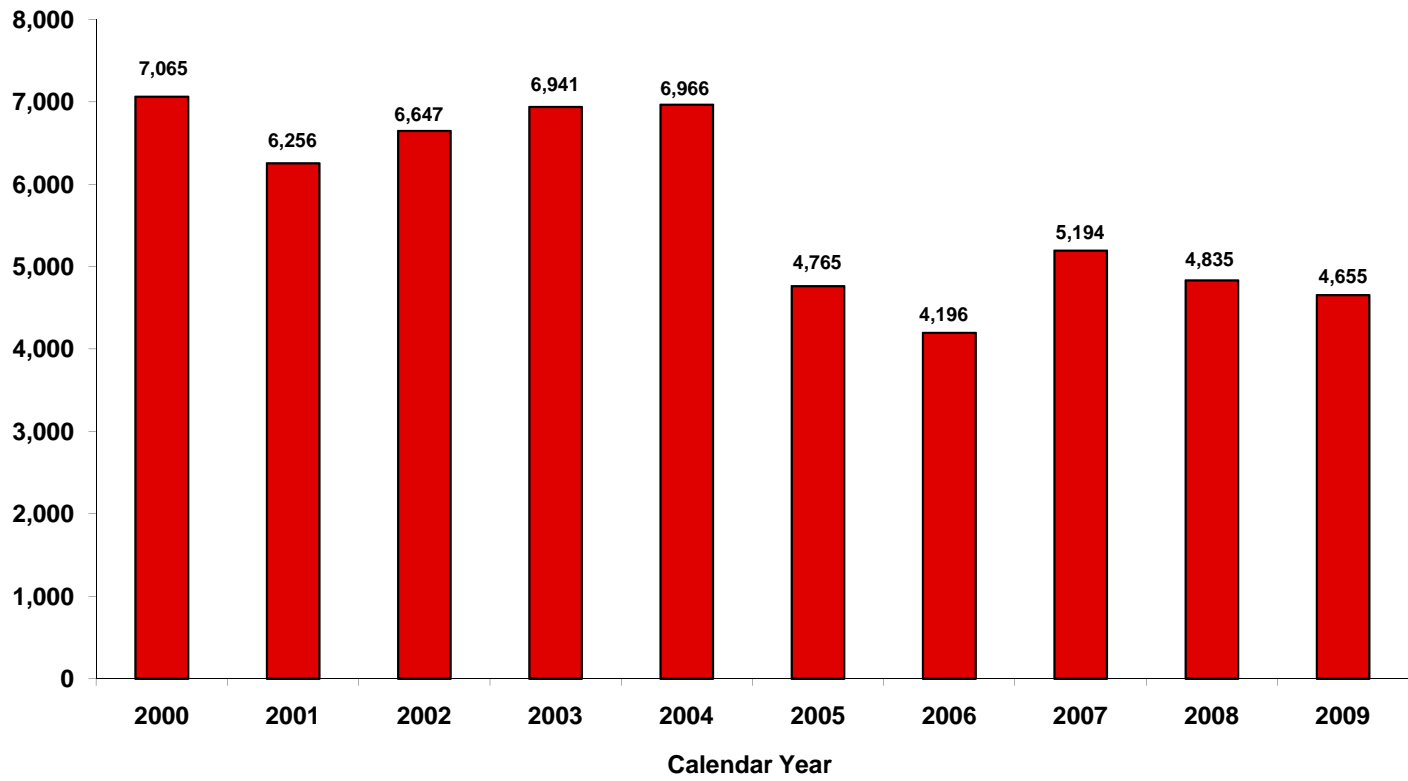
Calendar Year



**ICF-MR Facilities  
Veterans/Other Days  
(2000 - 2009)**



**ICF-MR Facilities  
Private Days  
(2000 - 2009)**



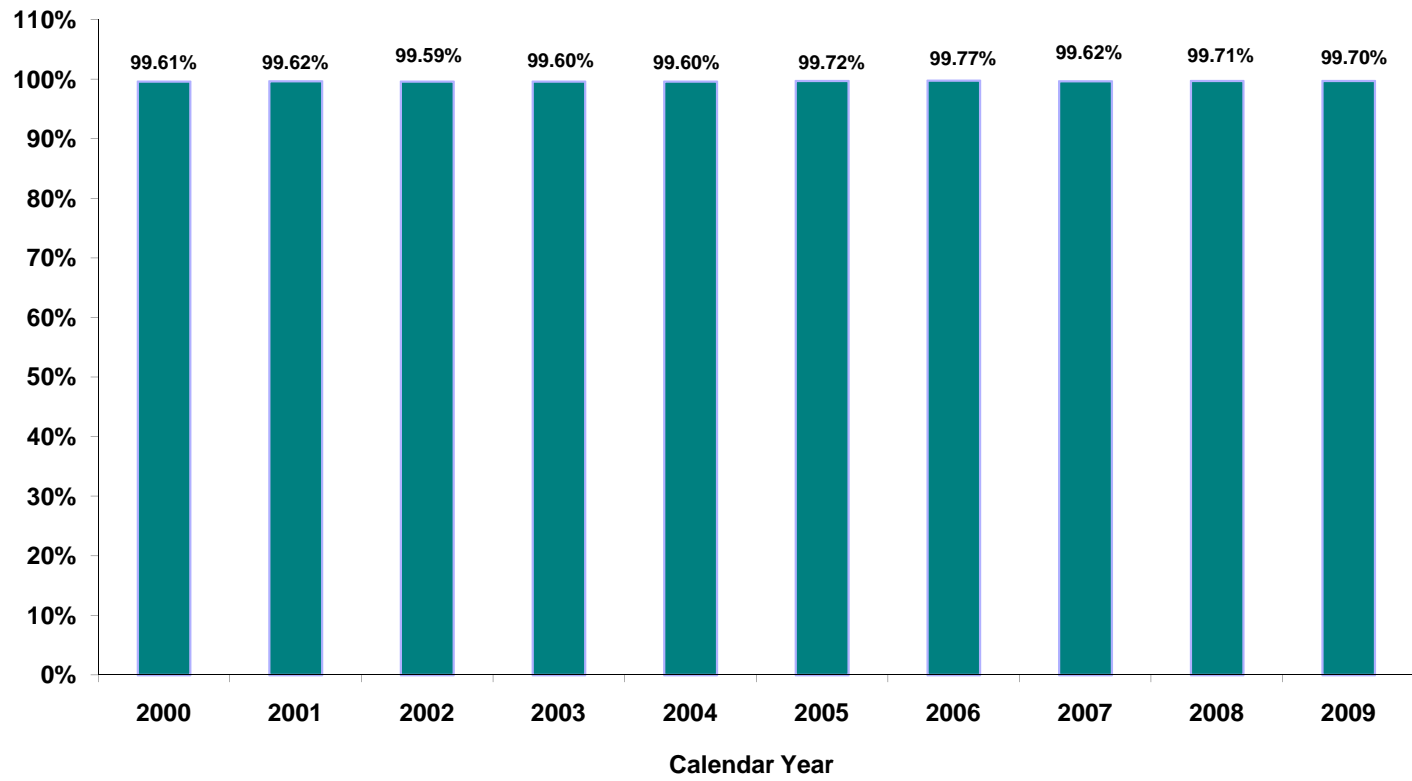
# Utilization - Trends

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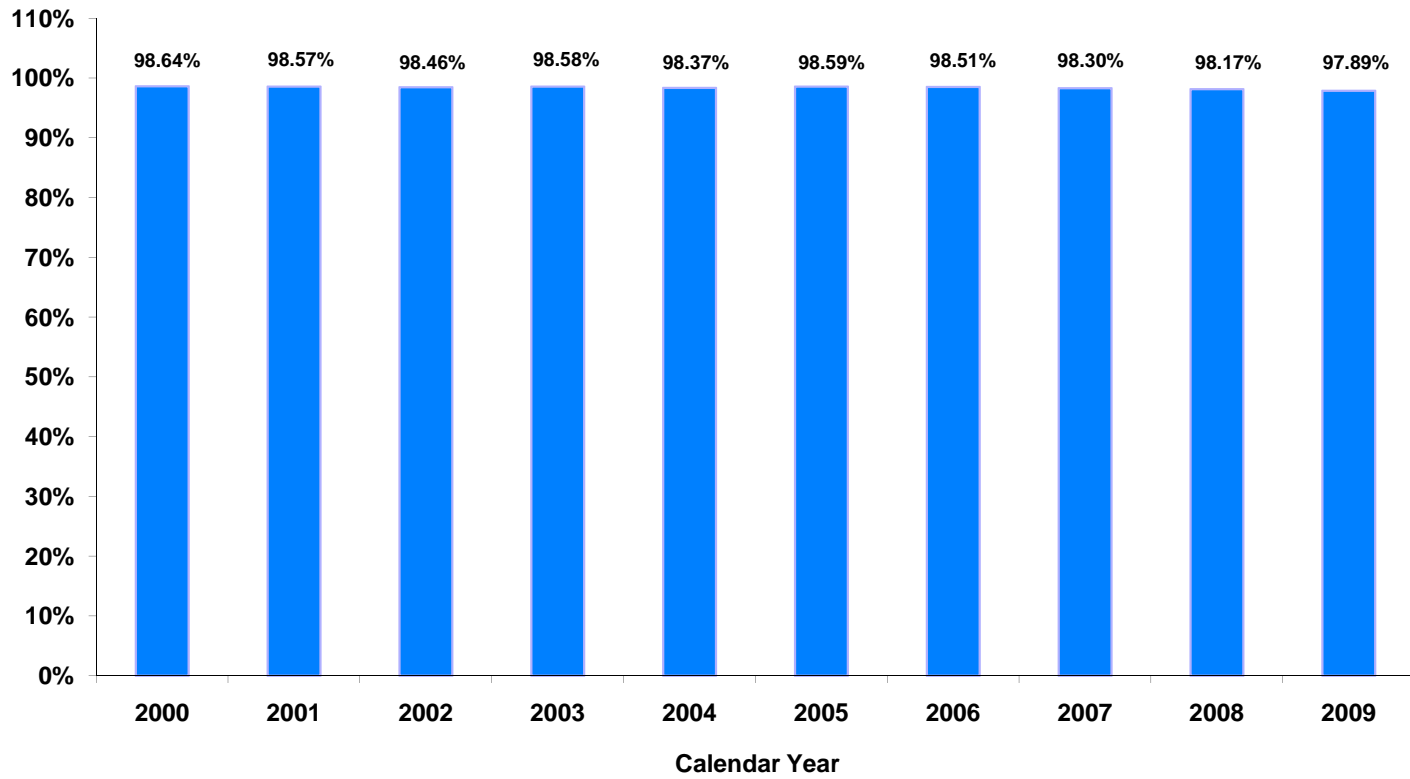
## Cost Report

- < **Medicaid Utilization**
- < **Occupancy**
- < **Occupancy: Using 1993 as Base Year**

**ICF-MR Facilities  
Medicaid Utilization  
(2000 - 2009)**



**ICF-MR Facilities  
Occupancy  
(2000 - 2009)**



**ICF-MR Facilities**  
**Occupancy: Base Year 1993**  
**(2000 - 2009)**

