

5123-7-24**Intermediate care facilities for individuals with intellectual disabilities - costs of ownership payment.****(A) Purpose**

This rule sets forth conditions necessary for an intermediate care facility for individuals with intellectual disabilities (ICFIID) to receive a costs of ownership payment. This rule applies only to the capital rate calculation prescribed in section 5124.171 of the Revised Code.

(B) Definitions

For the purposes of this rule, the following definitions shall apply:

(1) "Costs of ownership" means the actual expense incurred for:

(a) Depreciation and interest on any items capitalized including:

(i) Buildings;

(ii) Building improvements;

(iii) Equipment;

(iv) Extensive renovation;

(v) Transportation equipment; and

(vi) Replacement beds.

(b) Amortization and interest on land improvements and leasehold improvements.

(c) Amortization of financing costs.

(d) Lease and rent of land, building, and equipment.

(2) "Extensive renovation" means a renovation that costs more than sixty-five per cent and no more than eighty-five per cent of the cost of constructing a new bed and that extends the useful life of the assets for at least ten years. To calculate the per-bed cost of a renovation project for purposes of determining whether it is an extensive renovation, the allowable cost of the project shall be divided by the number of beds in the facility certified for participation in the medicaid program, even if the project does not affect all medicaid-certified

beds. Allowable extensive renovations are considered an integral part of costs of ownership.

(a) The cost of constructing a new bed shall be considered to be forty thousand dollars, adjusted for inflation from January 1, 1993 to the end of the calendar year during which the renovation is completed using the consumer price index for shelter costs for all urban consumers for the midwest region, as published by the United States bureau of labor statistics.

(b) The department may treat a renovation that costs more than eighty-five per cent of the cost of constructing new beds as an extensive renovation if the department determines that the renovation is more prudent than construction of new beds.

(3) "Nonextensive renovation" has the same meaning as in rule 5123-7-25 of the Administrative Code.

(4) "Replacement beds" are beds which are relocated to a new building or portion of a building attached to and/or constructed outside of the original licensed structure of an ICFIID. Replacement beds may originate from within the licensed structure of an ICFIID or from another ICFIID. Replacement beds are eligible for the costs of ownership efficiency incentive ceiling which corresponds to the period in which the beds were replaced.

(C) Costs of ownership payment

(1) For an ICFIID that has dates of licensure or that has been granted project authorization by the department on or after July 1, 1993, for which substantial commitments of funds were not made before July 1, 1993, costs of ownership payments shall not exceed the ceilings established in section 5124.171 of the Revised Code, if the department gives prior approval for construction of the ICFIID.

(a) Prior to commencement of construction, the provider must submit a request in writing to the department. The request shall include:

(i) The projected completion date for the new ICFIID.

(ii) A projected budget for the new ICFIID that includes a projected three-month cost report that contains all cost centers and inpatient days so that an overall rate can be calculated. For beds relocated from an existing ICFIID, the same information must be received

for the existing ICFIID and the ICFIID to which the beds are to be relocated.

- (b) The department shall review the request and the projected budget, comparing the projected cost per diem to the rate currently associated with the beds for cost neutrality to the Ohio medicaid program. Cost neutrality shall be evaluated across beds transferred to the new ICFIID and the beds remaining in the existing ICFIID.
 - (c) Approval for the increased costs of ownership payments shall be granted contingent upon the receipt by the department of the provider's filed actual cost report for the first three months of operation confirming cost neutrality to the Ohio medicaid program. Until a final determination is made by the department with regard to the request for increased costs of ownership payments, the lower costs of ownership ceiling shall be effective.
 - (d) Written approval or denial of the preliminary request shall be made by the department within sixty calendar days of the date the initial request was made and the required documentation was received. Written documentation of the final determination shall be provided by the department within sixty calendar days from the date the new ICFIID's actual three-month cost report is received.
 - (e) If the project continues to satisfy the cost neutrality standard, the higher costs of ownership ceiling shall be implemented retroactively to the first day the new ICFIID's provider agreement was effective. If the request is denied, the provider shall continue to receive the lower costs of ownership ceiling.
- (2) An ICFIID that completes extensive renovations shall receive a per diem for costs of ownership based upon the costs as specified in paragraph (C)(1) of this rule.
- (a) The date of licensure for an extensively renovated ICFIID shall be considered to be the date of completion of the extensive renovation.
 - (b) The current limits as calculated in accordance with section 5124.171 of the Revised Code shall be assigned to the extensively renovated ICFIID using the date of licensure.
 - (c) An extensively renovated ICFIID that obtains new ceilings in accordance with this rule, shall not be permitted any reimbursement for nonextensive renovation under rule 5123-7-25 of the Administrative Code made prior

to the extensive renovation project which resulted in the new ceilings. Thereafter, the cost and accumulated depreciation of the nonextensive renovation shall be included in costs of ownership.

- (d) An extensively renovated ICFIID shall not be permitted to receive any reimbursement for nonextensive renovation under rule 5123-7-25 of the Administrative Code for a period of five years after the completion of the extensive renovations, with the exception of those nonextensive renovation projects necessary to meet the requirements of federal, state, or local statutes, ordinances, rules, or policies.

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Certification

Date

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