Methods and Standards for Establishing Payment Rates for Nursing Facility Services

C. Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICFs/ID) (Cont)

2. **Accounting Procedures (Cont.)**

c. Actual Allowable Cost and Rate Calculation

The actual allowable cost for ICFs/ID is the actual audited reported cost plus the inflation factor and incentive factor.

For community-based ICFs/ ID, an occupancy factor is used in determining the actual per diem rate for the facility. Typically, the per diem is arrived at by dividing the actual allowable reported costs by total patient days during the reporting period. Total patient days for the purposes of rate determination are actual inpatient days of 80 percent of the licensed capacity of the facility, whichever is greater.

Effective July1, 2002, for ICFs/ID, the owner/administrator compensation limits are $3,365 per month plus $35.90 for each bed over 60, for a maximum compensation not to exceed $4,986 per month.

New community-based ICFs/ID submit a six-month budget to generate an initial reimbursement rate for their first six months of operation. The budgeted financial and statistical reports do not receive inflation or incentive, but are limited to the maximum allowable cost ceiling.

Following six months of operation as a new community-based Medicaid-certified ICF/ID, the facility must submit a report of actual costs. This financial and statistical report is used to establish a rate which may include inflation but does not include an incentive.

The rate computed from this cost report is adjusted to 100 percent occupancy and continues to be subject to the maximum allowable cost ceiling. Business start-up and organization costs are amortized over a five-year period, according to Medicare and Medicaid standards.

All existing community-based and state-owned ICF/ID facilities must report costs on a standard fiscal year of July 1 to June 30. Only one cost report is submitted per year.

State-owned ICFs/ID are not subject to the maximum allowable cost ceiling.