



ICF Cost Report Attachment #9: FRV Survey Frequently Asked Questions

Allowable Square-Footage Questions

How do I calculate my facility's square footage?

Response: A facility's square footage is determined by finding the gross floor area that is covered under the structure's continuous roof and is used for ICF activities.

Note: Only the gross floor area of the primary ICF structure should be reported on Cost Report Attachment #9.

What is "gross floor area"?

Response: Gross floor area is defined under the Ohio Revised Code Ch.4101:1-10 as: "The floor area within the inside perimeter of the exterior walls of the building under consideration, exclusive of vent shafts and courts, without deduction for corridors, stairways, closets, the thickness of interior walls, columns or other features. The floor area of a building, or portion thereof, not provided with surrounding exterior walls shall be the usable area under the horizontal projection of the roof or floor above. The gross floor area shall not include shafts with no openings or interior courts¹."

Do offices, training rooms, basements, attics, garages, and indoor swimming pools, count towards my facility's gross floor area?

Response: Generally, yes, these areas can be included in the gross floor area provided they are covered by the facility's continuous roof. However, certain exceptions do apply, particularly for basements and attics. The following clarification is provided for these areas:

Offices and Training Rooms: Eligible to be included in square footage as long as they are under the same roof as the facility and used for ICF activities

Basements: Typically, basements are not factored in to gross square footage unless they are "finished". While there does not seem to be an ICF-specific definition of finished, a general industry definition is a space that meets certain standards of completion. Typically, a finished basement has underlayment and flooring installed and interior walls that have been framed, insulated, dry-walled, trimmed and painted². Some definitions are even more specific requiring a basement to be a "walkthrough", meaning having an external set of stairs or external doors to the ground level. However, this specific requirement does not appear under the facility requirements found in code. Before adding square footage for a finished basement to the overall gross floor areas, providers must ensure that the basements also meet the licensing requirements for ICFs outlined in the Ohio Revised Code 5123:2-3-08³. Applicable requirements include:

(D)(2) "The residential facility shall provide for two means of egress remote from each other for each

¹ <http://codes.ohio.gov/oac/4101%3A1-10>

² <https://www.reference.com/business-finance/considered-finished-basement-f9b3cd2119abcf2c#>

³ <http://codes.ohio.gov/oac/5123%3A2-3>



floor level, except basements which are not used as activity or program areas and are limited to laundry use and storage”

(E)(2)(d) “If the bedroom is below the grade level of the residential facility, the room must have two means of egress, one of which may be a window provided the individual using the room can safely evacuate through the window”

Unfinished basement square footage would not be allowable to report. According to the Ohio Administrative Code Chapter 4101:8-34 “unfinished basements are defined as portions or areas of the basement not intended as habitable rooms and limited to storage areas, work areas, and the like⁴”. Therefore, a facility that uses the basement only for storage, laundry or other non-direct consumer activities should not include their basement square footage. This section also clarifies that unfinished basements cannot be used as bedrooms in the ICF setting.

Attics: Like basements, attic space can be included in total square footage provided it meets the above criteria to be considered finished. It must have two means of egress remote from each other. If an attic is solely used for non-direct consumer activities such as storage, square footage should not be included.

Garages: Eligible to be included in square footage as long as they are under the same roof as the facility and used for ICF activities.

Indoor Swimming Pools: Eligible to be included in square footage as long as they are under the same roof as the facility and used for ICF activities.

Will secondary buildings be reimbursed as well?

Response: Secondary building can be reimbursed under the new methodology. However, DODD and the ICF Reimbursement Workgroup have agreed to limit the type of buildings that can be reimbursed to Home Office and Record Storage. Home Office/ Record Storage secondary buildings will be reimbursed using a Fair Rental Value formula similar to that of the primary facility, with a modified value per square foot. Providers should report the total square footage of the secondary building in the Secondary Building Schedule in Attachment 9. The Facility Specific Utilization Percentage should be reported in cases where the building is shared by multiple providers. Secondary Buildings will not be re-aged based on capital improvement projects such as renovations and additions, so providers do not need to report these items.

Note: Revised April 2, 2018

⁴ <http://codes.ohio.gov/oac/4101%3A8-34>



Should square footage be included for secondary structures in which day programming services are provided?

Response: No. Currently only Home Office and Record Storage secondary building are eligible to be reimbursed through the Secondary Building per diem rate.

Note: Revised April 2, 2018

Addition and Renovation Questions

Why do I need to include information on additions and renovations?

Response: Additions and major renovations should be accounted for under the new methodology, as they increase the value of a facility. Providers should report these items as they can assist in re-aging the facility, leading to improved capital reimbursement. They are to be reported regardless of payor source.

What is considered an addition?

Response: Capital projects that expand or extend the square footage or bed count of a facility through the construction of a new part(s) or an addition of a bed.

What is considered a renovation?

Response: Capital projects that extend the life of a building, increase productivity or improve safety through the replacement of out-of-date or non-functioning capital assets.

What is the appropriate log for reporting additions or renovations?

Response: **Capital projects should only be reported on a single log.** If a project increases the facilities square footage or bed count, it should be reported on Log 1: Additions. If the capital project improves existing space it should be reported on Log 2: Renovations. A single project should never be reported on both logs, as this will impact the re-aging calculations. For example, if a provider adds a new wing to their facility, the increased square footage should be reported on Log 1. The value of the project will be calculated based on the added square footage, and therefore must not be reported on Log 2.

Note: Revised April 2, 2018

Are there differences between extensive and non-extensive renovations?

Response: Going forward, the new methodology will not distinguish between extensive and non-extensive renovations. Include all capital projects that meet the financial and time requirements listed below. However, for providers who have an existing DODD-approved NER project, DODD has agreed to reimburse any uncovered costs in the form of a rate add-on, unless the provider is receiving an overall rate increase under the new methodology that adequately covers these expenses.

Note: Revised April 2, 2018



Is there a minimum financial threshold for consideration of additions and renovations?

Response: Yes, the threshold for reporting additions or renovations as capital projects is that they must exceed \$500 in cost. Projects that fall under this threshold will not be factored into a facility's re-aging calculation.

Note: The financial threshold applies to a project's total cost, not an amount per bed.

Can I bundle multiple projects to meet the addition and renovation threshold?

Response: No.

Does the replacement of fixed equipment count?

Response: Yes, the replacement of fixed equipment, like a facility's HVAC system, are considered to be part of the building and are eligible to be reported under a renovation. DODD defines fixed equipment as non-movable equipment that is affixed to the structure, and would not be transferred in a relocation to a different facility. The replacement of movable equipment, will be reimbursed through the equipment per-diem and should not be reported under renovations.

Are there any time requirements for completing an addition or renovation?

Response: Yes, additions or renovations must be completed within 24 months of initiation. This requirement is established, in part, to distinguish improvement projects from regular, ongoing maintenance.

For multi-year capital projects, do I report costs on an annual basis or wait until the project is complete to report?

Response: Capital project should only be reported once they are complete and contributing to the current asset value of the facility.

What types of additions and renovations are allowable under the new methodology?

Response: DODD and the ICF Reimbursement Workgroup have agreed that the majority of capital project types are allowable and should be reported, with the exception of architecture fees, and signage. Please refer to the table provided in *Appendix A: Allowable Capital Projects* to determine whether a project is allowable. Regarding repair, maintenance and cosmetic upgrades such as carpets and wall painting there are certain limitations. Guidance on these items are provided in the following question.

Note: Revised April 2, 2018

Are costs related to repair and maintenance eligible for reimbursement under the new methodology?

Response: No, routine repair and maintenance costs should not be included. Repair and maintenance restore or maintain an asset at its normal service life, but do not extend the asset's life. For example, costs related to replacement of carpets or repainting of walls would not be eligible for reimbursement, as they do not extend the life of the facility. However, repair and maintenance costs can be included in reported renovation costs when said activities are appropriate and necessary to completion of a renovation project. For example, if a facility performs a kitchen renovation that results in the need to



replace the existing flooring, the cost of new flooring can be included in the reported renovation project cost and factored into the re-aging calculation. In these cases, facilities should maintain clear documentation that provides a line itemed account of the renovation project and associated costs.

Are costs related to land improvement eligible for reimbursement under the new methodology?

Response: Yes, land improvements are eligible and should be reported. Expenditures related to improving the facility's grounds will be factored into the aging calculation. Providers should report land improvement projects as renovations, provided that they meet the minimum financial threshold and are completed within 24 months.

Documentation Questions

What documentation do I need to provide for additions/renovations?

Response: Providers will be required to report adequate project documentation for additions and renovations. Preferred documentation consists of materials from the contractor who performed the work, detailing the type of work completed, the date of work, and proof of payment to the contractor from the ICF provider. Documentation can include invoices issued by the contractor, contractor progress reports, construction contracts, and final cost reports. Additionally, proof of payment should be included in the form of general ledger system-generated checks, bank statements or other proof of payment.

What if this type of documentation is not available?

Response: In some cases, project documentation for additions and renovations may not be available to the ICF provider. If such information for capital projects is no longer available, which may be the case for older facilities, documentation that such items were capitalized and were included on depreciation schedules and cost reports should suffice.



Appendix A: Allowable Capital Projects

Bundled Projects	
Land Improvements	Allowable
Addition	Allowable
Renovations/Building Improvements	Allowable
Building	
Accessibility & Mobility Upgrades	Allowable
Fire Safety	Allowable
HVAC & Fixed Equipment	Allowable
Plumbing & Sewage	Allowable
Roofing	Allowable
Security System	Allowable
Signage	Unallowable
Structural	Allowable
Interior	
Cabinets/Countertops/Shelving	Allowable
Doors & Windows	Allowable
Flooring	Allowable
Interior Electrical	Allowable
Interior Fixtures & Equipment	Allowable
Interior Wall Repair/Insulation	Allowable
Medical Device	Allowable
Shower/Tub Replacement	Allowable
Technology	Allowable
Wallcoverings	Allowable
Exterior	
Driveways/Sidewalks/Paving	Allowable
Exterior Fencing	Allowable
Exterior Fixtures/Siding	Allowable
Exterior Lighting & Electrical	Allowable
Garage/Storage Sheds	Allowable
Garden/Outdoor Play Areas	Allowable
Outdoor Coverings/Pavilions/Patios	Allowable
Pool Repair/Resurfacing	Allowable
Other	
Architect Fees	Unallowable
Unknown	Unallowable