

5123:2-7-12

Intermediate care facilities for individuals with intellectual disabilities - cost report.

(A) Purpose

This rule sets forth standards and requirements for intermediate care facilities for individuals with intellectual disabilities (ICFIID), other than state-operated ICFIID, to submit cost reports to the department and maintain supporting documents and records.

(B) Submission of cost reports

- (1) An ICFIID shall utilize the medicaid information technology system maintained by the Ohio department of medicaid to submit a cost report to the department in accordance with sections 5124.10, 5124.101, and 5124.522 of the Revised Code.
- (2) For good cause, an ICFIID may request and the department may grant an extension of fourteen calendar days for submitting a cost report. An ICFIID requesting an extension shall do so in writing via email to cr-icf@dodd.ohio.gov and explain the circumstances resulting in the need for an extension. The request shall be submitted no later than ninety calendar days after the end of the reporting period.

(C) Classifying costs

- (1) For purposes of the cost report, an ICFIID shall use the chart of accounts set forth in rule 5123:2-7-16 of the Administrative Code.
- (2) Cost reports submitted by a county-operated ICFIID may be completed on accrual basis accounting and generally accepted accounting principles unless otherwise specified in Chapter 5160-3 or 5123:2-7 of the Administrative Code.
- (3) All depreciable equipment valued at five hundred dollars or more per item with a useful life of at least two years, is to be reported in the capital cost component set forth in rule 5123:2-7-18 of the Administrative Code. The costs of equipment (including vehicles) acquired by an operating lease executed before December 1, 1992, may be reported in the indirect care cost component if the costs were reported as administrative and general costs on the ICFIID's cost report for the reporting period ending December 31, 1992, until the current lease term expires. The costs of any equipment leases executed before December 1, 1992 and reported as capital costs, shall continue to be reported under the capital cost component. The costs of any new leases for equipment executed on or after December 1, 1992, shall be reported under the capital cost component. Operating lease costs for equipment, which result from extended leases under the provision of a lease option negotiated on or after December 1, 1992, shall be reported under the

capital cost component.

- (4) Except for the employer's share of payroll taxes, workers' compensation, employee benefits, and home office costs, allocation of commonly shared expenses across cost centers shall not be allowed. Wages and benefits for staff, including related parties who perform duties directly related to functions performed in more than one cost center which would be expended under separate cost centers if performed by separate staff, may be expended to separate cost centers based upon documented hours worked, provided the ICFIID maintains adequate documentation of hours worked in each cost center. For example, the salary of an aide who is assigned to bathing and dressing chores in the early hours but works in the kitchen as a dietary aide for the remainder of the shift may be expended to separate cost centers provided the ICFIID maintains adequate documentation of hours worked in each cost center.
- (5) The cost of purchasing resident transport vehicles is reported under the capital cost component. The cost of maintaining and repairing these vehicles is reported under the indirect care cost component.
- (6) As part of its cost report, an ICFIID may complete the addendum for disputed costs to defend costs the ICFIID believes may be disputed by the department. The costs stated on the addendum are to have been applied to the other schedules and attachments for the reporting period in question (either in the reimbursable or the nonreimbursable cost centers). Any costs reported on the addendum may be considered by the department in establishing the ICFIID's prospective rate.
- (7) The following costs are not reimbursable to an ICFIID through the prospective reimbursement cost reporting mechanism, except as otherwise specified in Chapter 5123:2-7 of the Administrative Code:

 - (a) Fines or penalties paid under sections 5124.40, 5124.42, 5124.523, 5162.66, 5165.60 to 5165.88, and 5165.99 of the Revised Code.
 - (b) Disallowances made during the audit of an ICFIID's cost report which are sanctioned through adjudication in accordance with Chapter 119. of the Revised Code.
 - (c) Costs which are determined not to be reasonable and allowable costs during an audit of the ICFIID's cost report.
 - (d) Cost of ancillary services (e.g., physicians, legend drugs, radiology, laboratory, oxygen, or resident-specific medical equipment) rendered to residents of the ICFIID by providers who bill medicaid directly.
 - (e) Cost per case-mix units in excess of the applicable peer group ceiling for

direct care cost.

(f) Expenses in excess of the applicable peer group ceiling for indirect care cost.

(g) Expenses in excess of the capital costs limitations.

(h) Expenses associated with lawsuits filed against the department or the Ohio department of medicaid which are not upheld by the courts.

(i) Cost of meals sold to visitors or the public (e.g., meals on wheels).

(j) Cost of supplies or services sold to persons who do not reside at the ICFIID.

(k) Cost of operating a gift shop.

(D) Required disclosures

As a component of the cost report, providers shall identify:

(1) Each known related party as defined in rule 5123:2-7-01 of the Administrative Code.

(2) Each known individual, group of individuals, or organization not otherwise publicly disclosed who owns or has common ownership as defined in rule 5123:2-7-01 of the Administrative Code, in whole or in part, any mortgage, deed of trust, property, or asset of the ICFIID. When the ICFIID or the common owner is a publicly owned and traded corporation, this information beyond basic identifying criteria is not required as part of the cost report but must be available within two weeks when requested. Publicly disclosed information must be available at the time of the audit.

(3) Each corporate officer or director, if the provider is a corporation.

(4) Each partner, if the provider is a partnership.

(5) Each provider, whether participating in the medicare or medicaid program or not, which is part of an organization which is owned, or through any other device controlled, by the organization of which the provider is a part.

(6) Any director, officer, manager, employee, individual, or organization having direct or indirect ownership or control of five per cent or more, or who has been convicted of or pleaded guilty to a civil or criminal offense related to his or her involvement in programs established by Title XVIII, Title XIX, or Title XX of the Social Security Act as in effect on the effective date of this rule.

(7) Any individual currently employed by or under contract with the provider, or a related party in a managerial, accounting, auditing, legal, or similar capacity who was employed by the department, the Ohio department of medicaid, the Ohio department of health, the office of attorney general, the Ohio department of aging, the Ohio department of commerce, or the industrial commission of Ohio within the previous twelve months.

(E) Contracts for service

Providers are required to provide upon request each contract for service in effect during the reporting period for which the cost of the service from any subcontractor, individual, or organization is ten thousand dollars or more in a twelve-month period; or for the services of a sole proprietor or partnership where there is no cost incurred and the imputed value of the service is ten thousand dollars or more in a twelve-month period. For the purposes of this paragraph:

(1) "Contract for service" is defined as the component of a contract that details services provided exclusive of supplies and equipment. It includes any contract which details services, supplies, and equipment to the extent the value of the service component is ten thousand dollars or more within a twelve-month period.

(2) "Subcontractor" is defined as any entity, including an individual or individuals, who contract with a provider to supply a service, either to the provider or directly to the beneficiary, where medicaid reimburses the provider the cost of the service. This includes organizations related to the subcontractor that have a contract with the subcontractor for which the cost or value is ten thousand dollars or more in a twelve-month period.

(F) Preliminary determination by the department

(1) The department shall conduct a desk review of each cost report it receives. The desk review is an analysis of the cost report to determine its adequacy, completeness, and accuracy and reasonableness of the data contained therein. It is a process of reviewing information pertaining to the cost report without detailed verification and is designed to identify problems warranting additional review.

(2) Based on the desk review, the department shall make a preliminary determination of whether the reported costs are reasonable and allowable costs. "Reasonable and allowable costs" means costs established in accordance with the centers for medicare and medicaid services publications 15-1 ("The Provider Reimbursement Manual - Part 1") and 15-2 ("The Provider Reimbursement Manual - Part 2") available at <https://www.cms.gov/>. Before issuing the preliminary determination, the department shall notify the ICFIID of any information in the cost report that

requires additional support. The ICFIID shall provide any documentation or other information requested by the department and may submit any information that it believes supports the reported costs. The department shall notify each ICFIID of any costs preliminarily determined not to be reasonable and allowable costs and provide the reasons for the determination.

- (3) An ICFIID may revise the cost report within sixty calendar days after the original due date without the revised information being considered an amended cost report.
- (4) The cost report is considered accepted after the department has completed the desk review process.
- (5) After final rates have been issued, a provider who disagrees with a preliminary determination based on the desk review may request a rate reconsideration in accordance with rule 5123:2-7-27 of the Administrative Code.

(G) Amending a cost report

- (1) Except as provided in paragraph (G)(2) of this rule and not later than three years after a provider files a cost report with the department, the provider may amend the cost report if the provider discovers a material error in the cost report or additional information to be included in the cost report. The department shall review the amended cost report for accuracy and notify the provider of its determination.
- (2) A provider may not amend a cost report if the Ohio department of medicaid has notified the provider that an audit of the cost report or a cost report of the provider for a subsequent cost reporting period is to be conducted under section 5124.109 of the Revised Code. The provider may, however, provide the Ohio department of medicaid information that affects the costs included in the cost report. Such information may not be provided after the adjudication of the final settlement of the cost report.
- (3) The department shall not charge interest under division (B) of section 5124.41 of the Revised Code based on any error or additional information that is not required to be reported under this rule. The department shall review the amended cost report for accuracy and notify the provider of its determination in accordance with section 5124.107 of the Revised Code.

(H) Retention of records

- (1) Financial, statistical, and medical records (which shall be available to the department, the Ohio department of medicaid, and to the U.S. department of health and human services and other federal agencies) supporting the cost reports or claims for services rendered to residents shall be retained for the greater of seven years after the cost report is filed if the Ohio department of

medicaid issues an audit report, or six years after all appeal rights relating to the audit report are exhausted.

(2) Failure to retain the required financial, statistical, or medical records to the extent that filed cost reports are unauditible renders the provider liable for monetary damages of the greater amount:

(a) One thousand dollars per audit; or

(b) Twenty-five per cent of the amount by which the undocumented cost increased the medicaid payments to the provider during the fiscal year.

(3) Providers whose records have been found to be unauditible will be allowed sixty calendar days to provide the necessary documentation. If, at the end of the sixty calendar days, the required records have been provided and are determined auditible, the proposed penalty will be withdrawn. If the Ohio department of medicaid, after review of the documentation submitted during the sixty-day period, determines that the records are still unauditible, the department shall impose the penalty as specified in paragraph (H)(2) of this rule.

(4) Refusing access to financial, statistical, or medical records shall result in a penalty as specified in paragraph (H)(2) of this rule for outstanding medical services until such time as the requested information is made available to the department or the Ohio department of medicaid.

(5) All requested financial, statistical, and medical records supporting the cost reports or claims for services rendered to residents shall be available at a location in the state of Ohio for an ICFIID certified for participation in the medicaid program by this state within at least sixty calendar days after request by the state or its subcontractors. The preferred Ohio location is the ICFIID itself, but may be a corporate office, an accountant's office, or an attorney's office elsewhere in Ohio. This requirement, however, does not preclude the state or its subcontractors from the option of conducting the audit and/or a review at the site of such records if outside of Ohio.

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Certification

Date

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