

5123:2-7-21

Intermediate care facilities - compensation cost limits, reasonable costs for compensation, and compensation disallowances if any for owners and relatives of owners.

(A) Compensation cost limits for owners and relatives of owners shall be based upon compensation costs for individuals who hold comparable positions but who are not owners or relatives of owners, as reported on the intermediate care facility cost report from the calendar year preceding the fiscal year in which the rate is paid. As used in this rule, "comparable position" means the position that is held by the owner or owner's relative, if that position is listed separately on the intermediate care facility cost report, or if the position is not listed separately, the group of positions that is listed on the cost report and that includes the position held by the owner or the owner's relative. The compensation cost limits for owners and relatives of owners who function in positions listed on attachment 6 of the intermediate care facility cost report shall be based upon the wage and hour equivalents which are calculated as follows:

(1) The compensation cost limits for owners and relatives of owners are calculated from the following intermediate care facility cost reports excluding cost reports for providers of outlier services as specified in rule 5123:2-7-10 of the Administrative Code:

(a) Cost reports for intermediate care facilities with a December thirty-first end date; and

(b) Desk-reviewed and preliminarily determined to be allowable costs for intermediate care facilities.

(2) For each wage and hour chart of account number from attachment 6 of the intermediate care facility cost report, calculate the compensation cost limits as follows:

(a) Calculate the total non-owner wages paid by summing the total non-owner wages paid (column E) for all providers that have amounts reported in columns (E) and (H) of attachment 6.

(b) Calculate the total non-owner hours paid by summing the total non-owner hours paid (column H) for all providers that have amounts reported in columns (E) and (H) of attachment 6.

(c) Calculate the average hourly rate by dividing the total non-owner wages paid as calculated under paragraph (A)(2)(a) of this rule by the total non-owner hours paid as calculated under paragraph (A)(2)(b) of this rule.

(d) Calculate the compensation cost limit by multiplying the average hourly rate as calculated under paragraph (A)(2)(c) of this rule by two thousand eighty hours.

(B) Compensation cost limits for an owner or an owner's relative who serves the intermediate care facility in a capacity such as corporate officer, for which no comparable position or group of positions is listed on attachment 6 shall be based upon the civil service equivalents. Compensation for owners and relatives of owners that are corporate officers is allowable for managerial, administrative, professional, and other services related to the operation of the facility and rendered in connection with patient care. The compensation cost limit for owners and relatives of owners who function in corporate positions shall be based upon the civil service equivalents as listed below and in the case of a proprietor or a partner, one of the below listed civil service equivalents shall be applied based upon the duties performed:

(1) Corporate president

- (a) Business administrator 3, class number 63317 for facilities with a combined bed total of one to ninety-nine; or
- (b) Business administrator 4, class number 63318 for facilities with a combined bed total of one hundred to one hundred ninety-nine; or
- (c) Fiscal officer 4, class number 66538 for facilities with a combined bed total of two hundred to two hundred ninety-nine; or
- (d) Director 1, class number 61111 for facilities with a combined bed total of three hundred to five hundred ninety-nine; or
- (e) Director 2, class number 61112 for facilities with a combined bed total of six hundred to one thousand one hundred ninety-nine; or
- (f) Director 3, class number 61113 for facilities with a combined bed total of one thousand two hundred or more.

(2) Corporate vice-president

- (a) Program administrator 2, class number 63123 for facilities with a combined bed total of one to ninety-nine; or
- (b) Program administrator 3, class number 63124 for facilities with a combined bed total of one hundred to one hundred ninety-nine; or
- (c) Assistant director 1, class number 61211 for facilities with a combined bed total of two hundred to two hundred ninety-nine; or
- (d) Assistant director 2, class number 61212 for facilities with a combined bed total of three hundred to five hundred ninety-nine; or

(e) Assistant director 3, class number 61213 for facilities with a combined bed total of six hundred to one thousand one hundred ninety-nine; or

(f) Assistant director 4, class number 61214 for facilities with a combined bed total of one thousand two hundred or more.

(3) Corporate treasurer

(a) Fiscal specialist 1, class number 66531 for facilities with a combined bed total of one to ninety-nine; or

(b) Fiscal specialist 2, class number 66532 for facilities with a combined bed total of one hundred to one hundred ninety-nine; or

(c) Fiscal officer 1, class number 66535 for facilities with a combined bed total of two hundred to two hundred ninety-nine; or

(d) Fiscal officer 2, class number 66536 for facilities with a combined bed total of three hundred to five hundred ninety-nine; or

(e) Fiscal officer 3, class number 66537 for facilities with a combined bed total of six hundred to one thousand one hundred ninety-nine; or

(f) Fiscal officer 4, class number 66538 for facilities with a combined bed total of one thousand two hundred or more.

(4) Board secretary/member

(a) Administrative professional 1, class number 16871 for facilities with a combined bed total of one to ninety-nine; or

(b) Office manager, class number 16821 for facilities with a combined bed total of one hundred to one hundred ninety-nine; or

(c) Administrative professional 4, class number 16874 for facilities with a combined bed total of two hundred to two hundred ninety-nine; or

(d) Program administrator 2, class number 63123 for facilities with a combined bed total of three hundred to five hundred ninety-nine; or

(e) Board/commission secretary 1, class number 62111 for facilities with a combined bed total of six hundred to one thousand one hundred ninety-nine; or

(f) Board/commission secretary 2, class number 62112 for facilities with a combined bed total of one thousand two hundred or more.

(5) For those owners and relatives of owners who serve the intermediate care facility in the capacity of a corporate officer, proprietor, or partner as specified under paragraphs (B)(1) to (B)(4) of this rule, the formula for determining the compensation cost limits is as follows:

(a) The civil service equivalent hourly rate as published by the Ohio department of administrative services for those positions specified under paragraphs (B)(1) to (B)(4) of this rule will be multiplied by two thousand eighty hours to arrive at an annual salary screen for each step in the position. If the civil service equivalent hourly rate changes during the reporting period, the civil service equivalent hourly rate will be the hourly rate that is in effect at the end of the cost reporting period.

(b) The appropriate job step within those civil service classifications as specified under paragraphs (B)(1) to (B)(4) of this rule will be based upon the owner's years of service in the health care field plus one.

(C) Reasonable costs for compensation and compensation disallowances for owners and relatives of owners are the facility's desk-reviewed, actual, allowable costs reported on schedule C-2 of the intermediate care facility cost report subject to the applicable compensation cost limits and audit by the Ohio office of medical assistance. For each owner or relative of an owner that has reported compensation on schedule C-2 of the intermediate care facility cost report shall perform the following steps.

(1) An owner and relative of an owner time slice is defined as follows:

(a) The number of days employed except when there is an overlap of an employment period for an owner or relative of an owner working in a related facility and the functions have the same position number; or

(b) When there is an overlap of an employment period for an owner or relative of an owner working in a related facility and the functions have the same position number, the number of days within an owner or relative of an owner compensation time slice for the individual is:

(i) The number of days employed for the overlap of an employment period when the individual is working in the related facility during the same period of time.

(ii) The number of days employed for the overlap of an employment period when the individual is working in the related facility during the same period of time.

(iii) The number of days employed subsequent to the overlapping employment period.

(2) For each owner and relative of an owner compensation time slice, calculate the following:

(a) Acquire the number of certified beds for the facility as of the end of the cost reporting period from schedule A, line 2, column 1 of the intermediate care facility cost report; and

(b) Acquire the number of certified beds from the intermediate care facility cost report for related facilities, as of the end of the cost reporting period; and

(c) Calculate the total number of certified beds by adding the number of certified beds for the facility as determined under paragraph (C)(2)(a) of this rule and the number of certified beds for any related facilities as determined under paragraph (C)(2)(b) of this rule.

(d) For owners and relatives of owners who received compensation as a corporate officer, acquire the appropriate corporate duty job step as calculated under paragraph (B)(5)(b) of this rule; and

(e) Determine the applicable compensation cost limit based on the position the owner or relative of an owner worked as follows:

(i) For owners and relatives of owners that are performing duties that are included on attachment 6 of the intermediate care facility cost report acquire the appropriate compensation cost limit as calculated under paragraph (A)(2)(d) of this rule subject to the following criteria:

(a) Compensation is allowable only for duties performed by owners which otherwise would require the employment of another individual.

(b) In order to qualify as a supervisor for positions listed on attachment 6 of the intermediate care facility cost report, the supervisor must supervise at least two individuals in facilities with fifty beds or more. In facilities with less than fifty beds, a supervisor may supervise one individual; or

(ii) For owners and relatives of owners who performed duties which otherwise would have required the employment of another individual and received compensation as a corporate officer, acquire the appropriate compensation cost limit as calculated under paragraph (B)(5) of this rule; and

(iii) For purposes of determining the compensation cost limits, owners

and relatives of owners, are overtime exempt. There shall be no upward adjustment to the applicable compensation cost limit to accommodate circumstances where such individuals work in excess of forty hours per week.

- (f) Calculate the number of days in the time slice for each individual by subtracting the beginning date from the ending date for each time slice and adding one; and
- (g) Determine the total days in the calendar year; and
- (h) Calculate the per cent of days allowed by dividing the number of days in the time slice as calculated under paragraph (C)(2)(f) of this rule by the total days in the calendar year as determined under paragraph (C)(2)(g) of this rule; and
- (i) Calculate the time slice adjusted compensation cost limit by multiplying the per cent of days allowed as calculated under paragraph (C)(2)(h) of this rule by the adjusted compensation as calculated under paragraph (C)(2)(e) of this rule.
- (j) Acquire the weekly hours in the time slice for the appropriate time period from schedule C-2 of the intermediate care facility cost report; and
- (k) Acquire the related weekly hours in the time slice for the appropriate time period from the related facilities' schedule C-2 of the intermediate care facility cost report; and
- (l) Calculate the total weekly hours in the time slice by adding the weekly hours in the time slice as determined under paragraph (C)(2)(j) of this rule and the related weekly hours in the time slice as determined under paragraph (C)(2)(k) of this rule; and
- (m) Calculate the maximum weekly hours:

 - (i) If the total weekly hours in the time slice as calculated under paragraph (C)(2)(l) of this rule is less than thirty-five hours per week then the maximum weekly hours in the time slice is forty; or
 - (ii) If the total weekly hours in the time slice as calculated under paragraph (C)(2)(l) of this rule is greater than or equal to thirty-five hours per week then the maximum weekly hours in the time slice is the total weekly hours in the time slice; and
- (n) Calculate the hours allocation percentage by dividing the weekly hours in the time slice as calculated under paragraph (C)(2)(j) of this rule by the

maximum weekly hours as calculated under paragraph (C)(2)(m) of this rule; and

- (o) Calculate the final time slice adjusted compensation cost limit by multiplying the time slice adjusted compensation cost limit as calculated under paragraph (C)(2)(i) of this rule by the hours allocation percentage as calculated under paragraph (C)(2)(n) of this rule.
- (p) Calculate a daily salary amount for each owner and relative of an owner by dividing the compensation amount by the number of days employed as reported on schedule C-2 of the intermediate care facility cost report. For each time slice, calculate the prorated owner and relative of an owner compensation amount by multiplying the daily salary amount for each owner and relative of an owner by the number of days in the time slice as calculated under paragraph (C)(2)(f) of this rule.
- (q) Calculate the owner and relative of an owner compensation disallowance amount by subtracting the final time slice adjusted compensation cost limit as calculated under paragraph (C)(2)(o) of this rule from the prorated owner and relative of an owner compensation amount as calculated under paragraph (C)(2)(p) of this rule. The result cannot be less than zero.

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Certification

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Date

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