

5123:2-7-22

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

(A) Compensation cost limits for administrators shall be based upon compensation costs for administrators 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. The compensation cost limits for administrators, excluding owners and relatives of owners who are administrators, are calculated as follows:

(1) The compensation cost limits for administrators 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 administrator, calculate the hourly rate from schedule C-1 of the intermediate care facility cost report as follows:

(a) Calculate the number of days employed by subtracting the employment period beginning date from the employment period ending date. Add one day to the number of days calculated to account for total days worked as reported on the cost report; and

(b) Calculate the number of weeks worked by dividing the number of days employed by seven as calculated under paragraph (A)(2)(a) of this rule; and

(c) Calculate the weekly compensation amount by dividing the compensation amount as reported on the cost report by the number of weeks worked as calculated under paragraph (A)(2)(b) of this rule; and

(d) Calculate the hourly rate by dividing the weekly compensation amount as calculated under paragraph (A)(2)(c) of this rule by the weekly hours as reported on the cost report.

(3) Exclude any administrator's hourly rate as calculated under paragraph (A)(2) of this rule that is less than the federal minimum wage rate in effect at the end of the cost reporting period.

(4) Excluding administrators as determined in paragraph (A)(3) of this rule, calculate the average annual facility administrator salary for each facility

from schedule C-1 of the intermediate care facility cost report as follows:

- (a) For each administrator calculate the hours worked by multiplying the weekly hours as reported on the cost report by the number of days employed as calculated under paragraph (A)(2)(a) of this rule; and
 - (b) For all administrators as reported for each facility total the following:
 - (i) Number of days employed as calculated under paragraph (A)(2)(a) of this rule; and
 - (ii) Compensation amounts as reported on the cost report; and
 - (iii) Hours worked as calculated under paragraph (A)(4)(a) of this rule; and
 - (c) Calculate a weighted facility average weekly hours by dividing the sum of the weighted weekly hours as calculated under paragraph (A)(4)(b)(iii) of this rule by the total number of days employed as calculated under paragraph (A)(4)(b)(i) of this rule; and
 - (d) Calculate the weighted facility compensation amount:
 - (i) If the weighted facility average weekly hours as calculated under paragraph (A)(4)(c) of this rule is less than thirty-five hours per week, multiply the total compensation amount as calculated under (A)(4)(b)(ii) of this rule by forty; or
 - (ii) If the weighted facility average weekly hours as calculated under paragraph (A)(4)(c) of this rule is thirty-five hours or more per week, multiply the total compensation amount as calculated under (A)(4)(b)(ii) of this rule by the weighted facility average weekly hours as calculated under paragraph (A)(4)(c) of this rule; and
 - (e) Calculate the total salary per year by dividing the weighted facility compensation amount as calculated under paragraph (A)(4)(d) of this rule by the weighted facility average weekly hours as calculated under paragraph (A)(4)(c) of this rule; and
 - (f) Calculate the average annual facility administrator salary by multiplying the total salary per year as calculated under paragraph (A)(4)(e) of this rule by the number of days in a calendar year and dividing the product by the total number of days employed as calculated under paragraph (A)(4)(b)(i) of this rule.
- (5) Group the average annual facility administrator salary for each facility calculated in paragraph (A)(4)(f) of this rule into the following bed size

categories based on certified bed size at the end of the cost reporting period:

(a) One to forty-nine; or

(b) Fifty to ninety-nine; or

(c) One hundred or more.

(6) For each bed size category under paragraph (A)(5) of this rule, calculate the compensation cost limit by summing the average annual facility administrator salary as calculated under paragraph (A)(4)(f) of this rule and dividing the total sum of all average annual facility administrator salary by the number of records summed.

(B) Reasonable costs for compensation and compensation disallowances for administrators are the facility's desk-reviewed, actual, allowable costs reported on schedule C-1 of the intermediate care facility cost report subject to the applicable compensation cost limits and audit by the Ohio office of medical assistance.

(1) For each individual administrator compensation reported on schedule C-1 of the intermediate care facility cost report perform the following steps:

(a) An individual administrator compensation time slice is defined as follows:

(i) The number of days employed except when there is an overlap of an employment period for an administrator working in a related facility; or

(ii) When there is an overlap of an employment period for an administrator working in a related facility, the number of days within an individual administrator compensation time slice for the administrator is:

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

(b) The number of days employed preceding the overlapping employment period.

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

(b) For each administrator compensation time slice, calculate the following:

(i) 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

(ii) Acquire the number of certified beds for related facilities that the administrator worked in, during the individual administrator compensation time slice, as of the end of the cost reporting period from schedule A, line 2, column 1 of the intermediate care facility cost report; and

(iii) Calculate the total number of certified beds by adding the number of certified beds for the facility as determined under paragraph (B)(1)(b)(i) of this rule and the number of certified beds for any related facilities that the administrator worked in determined under paragraph (B)(1)(b)(ii) of this rule; and

(iv) Acquire the appropriate compensation cost limit as follows:

(a) If the administrator does not work in four or more related facilities, use the total number of certified beds determined under paragraph (B)(1)(b)(ii) of this rule to determine the appropriate compensation cost limit determined under paragraph (A)(6) of this rule; or

(b) If the administrator works in four or more related facilities, the compensation cost limit is the maximum for the bed size category determined under paragraph (A)(6) of this rule; and

(v) Acquire the allowance percentage from schedule C-1 of the intermediate care facility cost report which shall not exceed one hundred-fifty per cent; and

(vi) Calculate the adjusted compensation cost limit by multiplying the compensation cost limit determined under paragraph (B)(1)(b)(iv) of this rule by the allowance percentage determined under paragraph (B)(1)(b)(v) of this rule; and

(vii) Calculate the total number of days employed for each administrator by subtracting the beginning date from the ending date for each time slice and adding one; and

(viii) Determine the total days in the calendar year; and

(ix) Calculate the per cent of days allowed by dividing the number of days in the individual administrator compensation time slice as calculated under paragraph (B)(1)(b)(vii) of this rule by the total days in the calendar year as determined under paragraph (B)(1)(b)(viii) of this rule; and

- (x) Calculate the time slice adjusted compensation cost limit by multiplying the per cent of days allowed as calculated under paragraph (B)(1)(b)(ix) of this rule by the adjusted compensation as calculated under paragraph (B)(1)(b)(vi) of this rule; and
- (xi) Acquire the weekly hours in the individual administrator compensation time slice for the appropriate time period from schedule C-1 of the intermediate care facility cost report; and
- (xii) Acquire the related weekly hours in the individual administrator compensation time slice for the appropriate time period from the related facilities' schedule C-1 of the intermediate care facility cost report; and
- (xiii) Calculate the total weekly hours in the individual administrator compensation time slice by adding the weekly hours in the individual administrator compensation time slice as determined under paragraph (B)(1)(b)(xi) of this rule and the related weekly hours in the individual administrator compensation time slice as determined under paragraph (B)(1)(b)(xii) of this rule; and
- (xiv) Calculate the maximum weekly hours:

 - (a) If the total weekly hours in the individual administrator compensation time slice as calculated under paragraph (B)(1)(b)(xiii) of this rule is less than thirty-five hours per week then the maximum weekly hours in the individual administrator compensation time slice is forty; or
 - (b) If the total weekly hours in the individual administrator compensation time slice as calculated under paragraph (B)(1)(b)(xiii) of this rule is greater than or equal to thirty-five hours per week then the maximum weekly hours in the individual administrator compensation time slice is the total weekly hours in the individual administrator compensation time slice; and
- (xv) Calculate the hours allocation percentage by dividing weekly hours in the individual administrator compensation time slice as calculated under paragraph (B)(1)(b)(xi) of this rule by the maximum weekly hours as calculated under paragraph (B)(1)(b)(xiv) of this rule; and
- (xvi) Calculate the final time slice adjusted compensation cost limit by multiplying the time slice adjusted compensation cost limit as calculated under paragraph (B)(1)(b)(x) of this rule by the hours

allocation percentage as calculated under paragraph (B)(1)(b)(xv) of this rule; and

(xvii) Calculate a daily salary amount for each administrator by dividing the compensation amount by the number of days employed as reported on schedule C-1 of the intermediate care facility cost report. For each time slice, calculate the prorated administrator compensation amount by multiplying the daily salary amount for each administrator by the number of days employed in each time slice as calculated under paragraph (B)(1)(b)(vii) of this rule; and

(xviii) Calculate the individual administrator compensation disallowance by subtracting the final time slice adjusted compensation cost limit as calculated under paragraph (B)(1)(b)(xvi) of this rule from the adjusted prorated administrator compensation amount as calculated under paragraph (B)(1)(b)(xvii) of this rule. The result cannot be less than zero.

(xix) Calculate the final adjusted prorated administrator compensation amount by subtracting the individual administrator compensation disallowance as calculated under paragraph (B)(1)(b)(xviii) of this rule from the adjusted prorated administrator compensation amount as calculated under paragraph (B)(1)(b)(xvii) of this rule.

(2) For each intermediate care facility, determine the overall facility administrator aggregate compensation disallowance for reporting costs in excess of the adjusted compensation cost limit as follows:

(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 appropriate compensation cost limit for the bed size category using the total number of certified beds determined under paragraph (B)(2)(a) of this rule and the compensation cost limit determined under paragraph (A)(6) of this rule; and

(c) Establish the allowance percentage as one hundred-fifty per cent; and

(d) Calculate the adjusted compensation cost limit by multiplying the compensation cost limit determined under paragraph (B)(2)(b) of this rule by the allowance percentage determined under paragraph (B)(2)(c) of this rule; and

(e) Calculate the total administrator allowable compensation by summing the compensation reported on schedule C-1 of the intermediate care facility

cost report for all administrators and subtracting any disallowances calculated under paragraph (B)(1)(b)(xviii) of this rule; and

(f) Calculate the overall facility administrator aggregate compensation disallowance by subtracting the adjusted compensation cost limit as calculated under paragraph (B)(2)(d) of this rule from the total administrator allowable compensation as calculated under paragraph (B)(2)(e) of this rule. The result cannot be less than zero.

(C) If an administrator works in one or more of the following direct care cost center positions, the compensation earned for performing such duties may be expensed directly to the direct care cost center. Compensation for an administrator performing a direct care cost center function is allowable only for duties which otherwise would require the employment of another individual. The portion of the individual's total compensation paid by the intermediate care facility that may be reported in the direct care cost center shall be determined by multiplying the total compensation by the percentage of time the individual spends performing the direct care duties. The intermediate care facility must maintain records documenting the allocation of the individual's time to these duties. Time studies conducted in accordance with the centers for medicare and medicaid services publication 15-1, "Provider Reimbursement Manual" (revised January 2005), available at <http://www.cms.hhs.gov/manuals>, shall be considered sufficient documentation of the allocation of time. If it is found that the intermediate care facility has not sufficiently documented the allocation of time, the cost associated with the undocumented time will be reclassified back to the indirect cost center. Those direct care cost center functions are:

(1) Medical director;

(2) Director of nursing;

(3) Activities director;

(4) Registered nurse;

(5) Licensed practical nurse;

(6) Recreational therapist;

(7) Psychologist;

(8) Respiratory therapist;

(9) Qualified intellectual disabilities professional;

(10) Licensed social worker/counselor;

(11) Chaplain;

(12) Charge nurse - registered nurse; and

(13) Charge nurse - licensed practical nurse.

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