March 15, 2013

To: OACBDD, OPRA, OHCA, VFA

From: DODD

Re: Response to proposal

DODD spent significant time evaluating your proposal and reflecting upon your input from the meeting of March 1, 2013. We appreciate the tone and substance of your approach and have developed a response that we feel recognizes your concerns. This is a package deal

1. We will eliminate the RAC 4 flat rate proposal. Please note the department was counting on this to help with the roll back.
2. We will waive the large facility efficiency incentive changes for FY15, for any facility submitting a plan to downsize over the next five years. We will work with the associations on what the downsizing plan expectations might be.
3. For FY 14 rates, we propose to use a blend (1/3, 1/3, 1/3) of the providers December 2012, the providers March 2013, and the Departments March score to set rates. The associations will have to take responsibility for notifying members of the need to submit March scores. The department will assist. This change is contingent upon coming to agreement on the exception review rule.
4. No new non-extensive renovations for large facilities will be permitted after July 1, 2013. Those already approved with be grandfathered and may continue to report the associated costs separately and be reimbursed under the separate ceiling.
5. To set FY 15 rates and beyond, a simple average of all 4 quarters will be used (March, June, September and December). Unless the industry recommends holding back some money for rate adjustments, we do not have money to do mid- year adjustments.
6. We accept the language on the downsizing and conversion submitted, with the exception of having both conversions and downsizing read 500-600 beds.
7. The 90 day cost report and rate adjustment stay as proposed. The department has set aside $2.5 million to pay for this.
8. Just as you came to us with a single proposal for this, you will need to come to us with a single proposal for rate setting (ceilings etc.) for the biennium that addresses the rollback- after we have IAF/cost report information ready. No complaining, one proposal, everyone in agreement.
9. These changes will jeopardize the two million included in the budget for waiver rate increases. We expect the number to be closer to one million than two. We will wait until late in FY 14 to make this decision when we have clarity on the budget.

We look forward to your response by the close of business on Tuesday, March 19, 2013.