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ICF/IID Reimbursement Update  
IAF Discussion  
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# Discussion Items

- Role of the IAF
- IAF Rebasing
- IAF Trends

# Role of the IAF in the Reimbursement System

- Currently
  - IAF score is used to compare Costs adjusted by case-mix (CPCMU) compared to direct care ceilings
  - March score is multiplied by the lower of the CPCMU or direct care ceiling to arrive at unadjusted direct care rate
- Observations
  - Differences between the annual score and the March score is causing some negative impact on the reimbursement system
  - If a providers costs are below the ceiling and the IAF score adjustment is proportionate to the industry there is no impact to the IAF rebasing
  - For the majority of providers the IAF rebasing will have no impact on reimbursement because of the way the ceiling calculations are performed.
- Possible Future implications
  - IAF at a minimum will have the same impact as it does currently
  - Establish a flat funding rate for the lowest level (typical adaptive)
  - Be used to “push” consumers from ICF to Waiver in the lowest 1 or 2 categories
  - Used in part for possible “outlier” funding in the high medical areas

DODD White Paper indicates the following related to the IAF

- Those individuals grouping in the “Typical Adaptive” category may not require the ICF bundle of services – 276 residents or 4.8%
- Some of the individuals grouping in the “High Adaptive Needs and/or Chronic Behaviors” category could be served in community settings – 1,873 resident or 32.3%

# IAF – Rebasing

DODD engaged a third party to do a sample study of the IAF and significant scoring issues were discovered. As a result DODD has taken the following steps:

- Issued a RFI and held a conference call to prospective consultants
  - › Limited interested parties/Cost constraints
- Highlights of the RFI
  - › Contractor to perform IAF assessments on all 5800 residents covering 420 facilities from January 2013 through April 2013
  - › Estimated time to complete each IAF is 3 hours
  - › Will take a full time staff of 36 to 40 people to complete the IAF's and analyze
  - › Latest developments include DC staff to complete the IAF
- DODD intends to analyze and use this data to establish July 1, 2013 Medicaid rates
- DODD has modified ICF-IID rules (5123:2-7-20) to allow for DC staff to do the IAF
  - › These are draft rules at this point

# IAF – Rebasing (Cont'd)

- DODD would intend to do the following
  - Rebase the IAF and use that score to compute the quarterly and annual IAF score calculation in the Medicaid rate setting
  - Allow for some limited appeal of the scoring completed by DC staff
  - Institute exception reviews on a go forward basis as private providers do the IAFs on an ongoing basis
  - Clarify the instructions and do periodic training

# IAF - Rebasing Impact on Reimbursement

- Reimbursement system impact

- Most providers - this initiative will have no impact in the next fiscal year
- Direct care ceilings will increase because of the relationship of Costs to the decreasing IAF.

Peer group	Current	10%	20%	30%
■ Large -	120.57	125.78	141.50	161.71
■ Small -	109.87	122.46	137.78	157.46

- Most likely impact will be providers at or above the direct care ceiling

Direct Care Costs	\$200	\$200	\$200
IAF Score	2.00	1.80	1.50
CPCMU	\$100.00	\$111.11	\$133.33
Ceiling	\$109.87	\$122.46	\$122.46
Direct Care rate w/o Inflation	\$200	\$200	\$184



# IAF Score Analysis

- March 2012 IAF score continues to be the driver in reimbursement
- Provider changes in March IAF score:

IAF Data						
	March 2010	March 2010 %	March 2011	March 2011 %	March 2012	March 2012 %
Providers w/ Increase in IAF	207	50%	187	45%	152	37%
Providers w/ Decrease in IAF	103	25%	107	26%	146	35%
Providers w/ No Change in IAF	103	25%	120	29%	118	28%

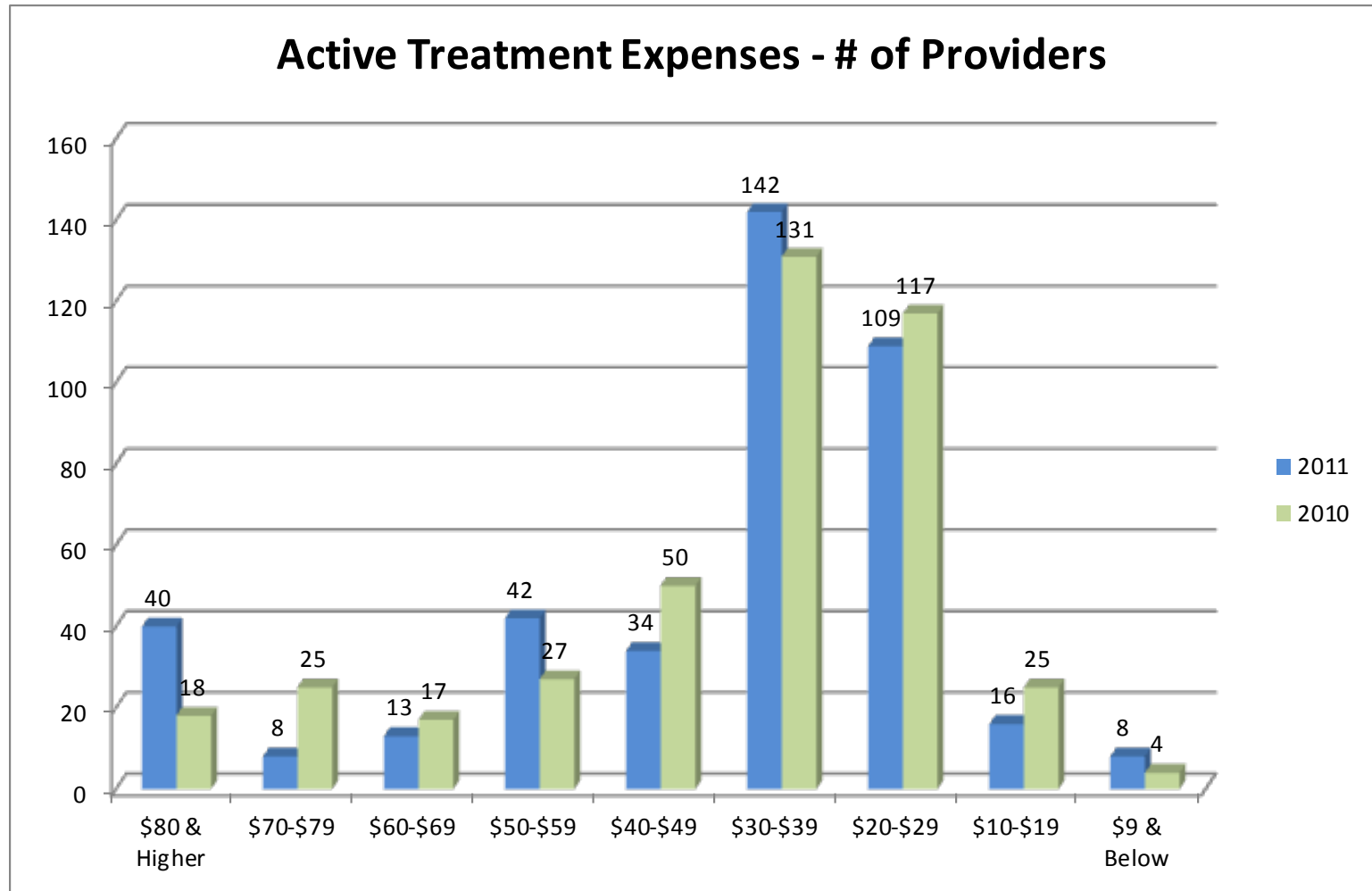
Top 5 Largest IAF Increases				Top 5 Largest IAF Decreases			
Average	Quarter	Increase	% Change	Average	Quarter	Decrease	% Change
1.1819	1.7274	0.5455	46.15%	1.8803	1.5862	-0.2941	-15.64%
1.3273	1.6912	0.3639	27.42%	1.7913	1.6003	-0.1910	-10.66%
1.4584	1.7924	0.3340	22.90%	1.8033	1.6215	-0.1818	-10.08%
1.6974	2.0311	0.3337	19.66%	1.7026	1.5699	-0.1327	-7.79%
1.2218	1.5313	0.3095	25.33%	1.8277	1.7034	-0.1243	-6.80%



# Active Treatment Data

- Cost report account 6215 – Active Treatment
- Fifth full year reported on cost report
- No longer add-on – included in Direct Care rate
- Cost reports show the average cost per day:
  - 2008: \$36.19
  - 2009: \$37.51
  - 2010: \$39.20
  - 2011: \$40.78
- Average calculated rates:
  - FY2010: \$35.73
  - FY2011: \$32.01
  - FY2012: \$36.78
  - FY 2013 : \$38.27

# Active Treatment Expenses, Acct #6215



# IAF and Active Treatment

- The IAF was never designed to measure the cost structure of the IAF
- For many providers the cost of the Day Hab/Active Treatment has nothing to do with acuity
  - › The cost driver could still relate to the add-on computation (some county contracts)
  - › Cost relate closer to staffing and type of building used
- Consider
  - › Separating active treatment costs in the direct cost center and making it non-casemix adjusted
  - › Create separate cost center
  - › Make this service a fee for service price based rate (add-on) based on utilization

# Key Components to the ICF/IID Reimbursement System

	FY08	FY09	FY10	FY11	FY12		FY13	
<b>Inflation Factors</b>					<b>Capped</b>	<b>Modified</b>	<b>Capped</b>	<b>Modified</b>
Protected Cost Center	1.60%	3.23%	6.99%	-3.88%	-0.82%	1.23%	0.50%	1.23%
Direct Care Cost Center	6.78%	4.35%	2.95%	2.10%	2.28%	1.23%	3.56%	1.23%
Indirect Care Cost Center	2.37%	5.32%	-10.91%	6.90%	4.88%	1.23%	1.39%	1.23%
Capital Cost Center		2.11%	1.83%	0.66%	0.01%	0.10%	1.09%	0.10%
<b>Indirect Care Ceiling</b>								
ICF/IID (L)	\$ 76.72	\$ 79.65	\$ 71.77	\$ 76.25	\$ 80.00	\$ 68.98	\$ 80.32	\$ 68.98
ICF/IID (S)	\$ 62.39	\$ 64.77	\$ 56.56	\$ 60.09	\$ 65.88	\$ 59.60	\$ 66.14	\$ 59.60
<b>Indirect Care Efficiency</b>								
ICF/IID (L)	\$ 5.45	\$ 5.45	\$ 5.10	\$ 5.10	\$ 5.68	\$ 3.69	\$ 5.68	\$ 3.69
ICF/IID (S)	\$ 4.37	\$ 4.37	\$ 3.96	\$ 3.96	\$ 4.61	\$ 3.19	\$ 4.61	\$ 3.19
<b>Direct Care Ceiling</b>								
ICF/IID (L)	\$ 110.10	\$ 114.45	\$ 114.43	\$ 116.84	\$ 117.40	\$ 108.21	\$ 120.57	\$ 108.21
ICF/IID (S)	\$ 108.02	\$ 107.32	\$ 108.07	\$ 108.55	\$ 110.21	\$ 102.21	\$ 109.87	\$ 102.21
<b>Capital Ceiling</b>								
Overall COO Ceiling	\$ 33.64	\$ 34.35	\$ 34.98	\$ 35.21	\$ 35.21	\$ 35.21	\$ 35.60	\$ 35.60
ICF/IID (L)	\$ 18.52	\$ 18.91	\$ 19.26	\$ 19.39	\$ 19.39	\$ 19.39	\$ 19.60	\$ 19.60
ICF/IID (S)	\$ 27.42	\$ 28.00	\$ 28.51	\$ 28.70	\$ 28.71	\$ 28.71	\$ 29.02	\$ 29.02
Efficiency Incentive - Cap- S	\$ 4.47	\$ 4.57	\$ 4.65	\$ 4.68	\$ 4.68	\$ 4.68	\$ 4.73	\$ 4.73
<b>Rollback</b>	2.97%	4.27%	1.62%	4.19%	5.26%	0.21%	6.00%	0.38%

# Capped vs. Modified Rate Analysis

- Providers with positive and negative changes in rate between capped vs. modified scenarios
  - Total Winners 295 (70%)
  - Total Losers 125 (30%)

Capped vs. Modified - Top 5 Providers with Increase in Rates					Capped vs. Modified - Top 5 Providers with Decrease in Rates				
		Difference					Difference		
Capped	Modified	\$	Total Impact		Capped	Modified	\$	Total Impact	
\$ 359.05	\$ 340.64	\$ (18.41)	\$ (659,906)		\$ 280.16	\$ 292.18	\$ 12.02	\$ 567,344	
\$ 307.15	\$ 288.21	\$ (18.94)	\$ (460,867)		\$ 318.63	\$ 326.79	\$ 8.16	\$ 314,960	
\$ 355.13	\$ 332.62	\$ (22.51)	\$ (328,646)		\$ 311.44	\$ 318.99	\$ 7.55	\$ 285,730	
\$ 348.57	\$ 341.65	\$ (6.92)	\$ (316,189)		\$ 334.95	\$ 345.36	\$ 10.41	\$ 265,455	
\$ 336.93	\$ 315.66	\$ (21.27)	\$ (301,417)		\$ 303.80	\$ 316.48	\$ 12.68	\$ 245,371	

*\*Analysis of 407 providers*

# ICF/IID Medicaid Rate Analysis – FY2013

	# of Providers - FY2011	# of Providers - FY2012	Percentage - FY2012	# of Providers - FY2013	Percentage - FY2013
Highest Rate	\$ 397.10	\$ 377.35		\$ 376.08	
Lowest Rate	\$ 157.97	\$ 155.98		\$ 158.34	
Medicaid Rates Above \$350	13	3	1%	2	0.5%
Medicaid Rates \$325-\$349	36	23	6%	30	7%
Medicaid Rates \$300-\$324	69	79	19%	71	17%
Medicaid Rates \$250-\$299	211	200	48%	213	51%
Total	329	305	74%	316	75%
Medicaid Rates \$200-\$250	77	98	24%	95	23%
Medicaid Rates Below \$200	8	11	3%	8	2%
Total	85	109	26%	103	25%