

Am. Sub. H. B. No. 96  
As Passed by the House

\_\_\_\_\_ moved to amend as follows:

After line 111909, insert:

"**Sec. 5165.15.** Except as otherwise provided by sections 5165.151 to 5165.158 and 5165.34 of the Revised Code, the total per medicaid day payment rate that the department of medicaid shall pay a nursing facility provider for nursing facility services the provider's nursing facility provides during a state fiscal year shall be determined as follows:

(A) Determine the sum of all of the following:

(1) The per medicaid day payment rate for ancillary and support costs determined for the nursing facility under section 5165.16 of the Revised Code;

(2) ~~The~~ Until June 30, 2027, the per medicaid day payment rate for capital costs determined for the nursing facility under section 5165.17 of the Revised Code~~;~~ . Beginning July 1, 2027, a per medicaid day payment rate for capital costs that equals zero.

(3) The per medicaid day payment rate for direct care costs determined for the nursing facility under section 5165.19 of the Revised Code;



(4) The per medicaid day payment rate for tax costs 20  
determined for the nursing facility under section 5165.21 of the 21  
Revised Code; 22

(5) If the nursing facility qualifies as a critical access 23  
nursing facility, the nursing facility's critical access 24  
incentive payment paid under section 5165.23 of the Revised 25  
Code. 26

(B) To the sum determined under division (A) of this 27  
section, add sixteen dollars and forty-four cents. 28

(C) To the sum determined under division (B) of this 29  
section, add the per medicaid day quality incentive payment rate 30  
determined for the nursing facility under section 5165.26 of the 31  
Revised Code. 32

(D) If Beginning July 1, 2027, to the sum determined under 33  
division (C) of this section, add the per medicaid day 34  
environmental quality incentive payment rate determined for the 35  
nursing facility under section 5165.27 of the Revised Code. 36

(E) (1) Until June 30, 2027, if the nursing facility 37  
qualifies as a low occupancy nursing facility, subtract from the 38  
sum determined under division (C) of this section the nursing 39  
facility's low occupancy deduction determined under section 40  
5165.23 of the Revised Code. 41

(2) Beginning July 1, 2027, if the nursing facility 42  
qualifies as a low occupancy nursing facility, subtract from the 43  
sum determined under division (D) of this section the nursing 44  
facility's low occupancy deduction determined under section 45  
5165.23 of the Revised Code. 46

**Sec. 5165.151.** (A) The total per medicaid day payment rate 47

determined under section 5165.15 of the Revised Code shall not  
be the initial rate for nursing facility services provided by a  
new nursing facility. Instead, the initial total per medicaid  
day payment rate for nursing facility services provided by a new  
nursing facility shall be determined in the following manner:

(1) The initial rate for ancillary and support costs shall  
be the rate for the new nursing facility's peer group determined  
under division (C) of section 5165.16 of the Revised Code.

(2) ~~The~~ Until June 30, 2027, the initial rate for capital  
costs shall be the rate for the new nursing facility's peer  
group determined under division (C) of section 5165.17 of the  
Revised Code~~;~~. Beginning July 1, 2027, a nursing facility's  
initial rate for capital costs shall be zero.

(3) The initial rate for direct care costs shall be the  
product of the cost per case-mix unit determined under division  
(C) of section 5165.19 of the Revised Code for the new nursing  
facility's peer group and the new nursing facility's case-mix  
score determined under division (B) of this section.

(4) The initial rate for tax costs shall be the following:

(a) If the provider of the new nursing facility submits to  
the department of medicaid the nursing facility's projected tax  
costs for the calendar year in which the provider obtains an  
initial provider agreement for the new nursing facility, an  
amount determined by dividing those projected tax costs by the  
number of inpatient days the nursing facility would have for  
that calendar year if its occupancy rate were one hundred per  
cent;

(b) If division (A) (4) (a) of this section does not apply,  
the median rate for tax costs for the new nursing facility's

peer group in which the nursing facility is placed under 77  
division (B) of section 5165.16 of the Revised Code. 78

(5) The initial quality incentive payment rate for the new 79  
nursing facility shall be the amount determined under section 80  
5165.26 of the Revised Code. 81

(6) Beginning July 1, 2027, the initial per medicaid day 82  
environmental quality incentive payment rate for the new nursing 83  
facility for the fiscal year in which the nursing facility opens 84  
shall be the environmental quality incentive payment rate 85  
determined under section 5165.27 of the Revised Code for a 86  
nursing facility that is at the ninetieth percentile of 87  
environmental quality rates. 88

(7) Sixteen dollars and forty-four cents shall be added to 89  
the sum of the rates and payment specified in divisions (A) (1) 90  
to ~~(5)~~ (6) of this section. 91

(B) For the purpose of division (A) (3) of this section, a 92  
new nursing facility's case-mix score shall be the following: 93

(1) Unless the new nursing facility replaces an existing 94  
nursing facility that participated in the medicaid program 95  
immediately before the new nursing facility begins participating 96  
in the medicaid program, the median annual average case-mix 97  
score for the new nursing facility's peer group. 98

(2) If the nursing facility replaces an existing nursing 99  
facility that participated in the medicaid program immediately 100  
before the new nursing facility begins participating in the 101  
medicaid program, the semiannual case-mix score most recently 102  
determined under section 5165.192 of the Revised Code for the 103  
replaced nursing facility as adjusted, if necessary, to reflect 104  
any difference in the number of beds in the replaced and new 105

nursing facilities.

(C) Subject to division (D) of this section, the department of medicaid shall adjust the rates established under division (A) of this section effective the first day of July, to reflect new rate calculations for all nursing facilities under this chapter.

(D) If a rate for direct care costs is determined under this section for a new nursing facility using the median annual average case-mix score for the new nursing facility's peer group, the rate shall be redetermined to reflect the new nursing facility's actual semiannual average case-mix score determined under section 5165.192 of the Revised Code after the new nursing facility submits its first two quarterly assessment data that qualify for use in calculating a case-mix score in accordance with rules authorized by section 5165.192 of the Revised Code. If the new nursing facility's quarterly submissions do not qualify for use in calculating a case-mix score, the department shall continue to use the median annual average case-mix score for the new nursing facility's peer group in lieu of the new nursing facility's semiannual case-mix score until the new nursing facility submits two consecutive quarterly assessment data that qualify for use in calculating a case-mix score. "

After line 112140, insert:

**Sec. 5165.23.** (A) Each state fiscal year, the department of medicaid shall determine the critical access incentive payment for each nursing facility that qualifies as a critical access nursing facility. To qualify as a critical access nursing facility for a state fiscal year, a nursing facility must meet all of the following requirements:

(1) The nursing facility must be located in an area that, 135  
on December 31, 2011, was designated an empowerment zone under 136  
the "Internal Revenue Code of 1986," section 1391, 26 U.S.C. 137  
1391. 138

(2) The nursing facility must have an occupancy rate of at 139  
least eighty-five per cent as of the last day of the calendar 140  
year immediately preceding the state fiscal year. 141

(3) The nursing facility must have a medicaid utilization 142  
rate of at least sixty-five per cent as of the last day of the 143  
calendar year immediately preceding the state fiscal year. 144

(B) A critical access nursing facility's critical access 145  
incentive payment for a state fiscal year shall equal five per 146  
cent of the portion of the nursing facility's total per medicaid 147  
day payment rate for the state fiscal year that is the sum of 148  
the rates identified in divisions (A)(1) to (4) of section 149  
5165.15 of the Revised Code. 150

(C) Each state fiscal year, the department shall determine 151  
the low occupancy deduction for each nursing facility that 152  
qualifies as a low occupancy nursing facility. To qualify as a 153  
low occupancy nursing facility for a state fiscal year, a 154  
nursing facility must have an occupancy rate lower than sixty- 155  
five per cent. For purposes of this division, the department 156  
shall utilize a nursing facility's occupancy rate for the 157  
licensed beds reported on the facility's cost report for the 158  
calendar year preceding the fiscal year for which the rate is 159  
determined, or if the facility is not required to be licensed, 160  
the facility's occupancy rate for its certified beds. If the 161  
facility surrenders licensed or certified beds before the first 162  
day of July of the calendar year in which the fiscal year 163  
begins, the department shall calculate a nursing facility's 164

occupancy rate by dividing the inpatient days reported on the 165  
facility's cost report for the calendar year preceding the 166  
fiscal year for which the rate is determined by the product of 167  
the number of days in the calendar year and the facility's 168  
number of licensed, or if applicable, certified beds on the 169  
first day of July of the calendar year in which the fiscal year 170  
begins. 171

A low occupancy nursing facility's low occupancy deduction 172  
for a state fiscal year shall equal five per cent of the nursing 173  
facility's total per medicaid day payment rate ~~for the state~~ 174  
~~fiscal year identified in division (D) of~~ calculated under 175  
section 5165.15 of the Revised Code~~7~~ for the state fiscal year. 176

This division does not apply to any of the following: 177

(1) A nursing facility where the beds are owned by a 178  
county and the facility is operated by a person other than the 179  
county; 180

(2) A nursing facility that opened during the calendar 181  
year preceding the fiscal year for which the rate is determined 182  
or the preceding fiscal year; 183

(3) A nursing facility that underwent a renovation during 184  
the calendar year preceding the fiscal year for which the rate 185  
is determined if both of the following apply: 186

(a) The renovation involved a capital expenditure of one 187  
hundred fifty thousand dollars or more, excluding expenditures 188  
for equipment; 189

(b) The renovation included one or more rooms housing beds 190  
that are part of the nursing facility's licensed capacity and 191  
that were taken out of service for at least thirty days while 192

the rooms were being renovated." 193

After line 112341, insert: 194

"Sec. 5165.27. (A) Beginning July 1, 2027, each nursing 195  
facility's per medicaid day environmental quality incentive 196  
payment rate shall be the sum of the adjusted per bed value 197  
amount determined under division (B) of this section and the 198  
environmental quality features amount determined under division 199  
(C) of this section. 200

(B) (1) The department of medicaid shall determine the 201  
adjusted per bed value component of each nursing facility's per 202  
medicaid day environmental quality incentive payment rate as 203  
follows: 204

(a) Determine the nursing facility's per bed value under 205  
division (B) (2) of this section; 206

(b) Apply a rental rate of ten per cent; 207

(c) Divide by three hundred sixty-five. 208

(2) (a) Subject to the limitation established by division 209  
(B) (2) (b) of this section, the department of medicaid shall 210  
determine each nursing facility's per bed value by utilizing the 211  
per bed value assigned by the most recent appraisal conducted 212  
under division (B) (3) of this section. 213

(b) The per bed value determined under division (B) (2) (a) 214  
of this section shall not exceed one hundred thousand dollars. 215

(3) Every three years, each nursing facility shall secure 216  
a depreciated replacement cost appraisal conducted by a 217  
certified appraiser approved by the department of medicaid and 218  
submit the appraisal report to the department. The nursing 219  
facility shall pay the cost of the appraisal. The initial 220



appraisal for a nursing facility in operation on May 1, 2027, 221  
shall be submitted not later than that date. Subsequent 222  
appraisals and initial appraisals for new facilities that open 223  
after the previous appraisal period shall be submitted not later 224  
than the first day of May of the calendar year that is three 225  
years after the calendar year in which the previous appraisal 226  
was required to be submitted. If a nursing facility does not 227  
submit an appraisal by the date specified in this division, its 228  
per bed value shall be zero until the first day of January or 229  
July that occurs after the nursing facility submits an 230  
appraisal. 231

(C) The department of medicaid shall determine an 232  
environmental quality features component of each nursing 233  
facility's per medicaid day environmental quality incentive 234  
payment rate as follows: 235

(1) Identify whether the nursing facility has one or more 236  
environmental quality features, as specified in rules adopted by 237  
the department of medicaid under division (D) of this section; 238

(2) Determine the sum of the per diem amounts assigned for 239  
each environmental quality feature identified under division (C) 240  
(1) of this section. 241

(D) Not later than December 31, 2026, the department of 242  
medicaid shall adopt rules authorized by section 5165.02 of the 243  
Revised Code that do all of the following: 244

(1) Specify additional environmental features that enhance 245  
the quality of life for nursing facility residents but are not 246  
considered appraisals under division (B) (3) of this section; 247

(2) Assign a per diem amount for each such feature to be 248  
used in calculating a portion of the per medicaid day 249

environmental quality incentive payment rate under division (C) 250  
of this section; 251

(3) Prescribe documentation the nursing facility must 252  
submit to the department to verify that the facility has such a 253  
feature." 254

After line 141219, insert: 255

**"Section 751.00.01. NURSING FACILITY ENVIRONMENTAL QUALITY** 256  
**WORKGROUP** 257

(A) The Department of Medicaid shall convene a nursing 258  
facility environmental quality workgroup consisting of two 259  
representatives from each of the following: 260

(1) The Department of Medicaid; 261

(2) The Department of Health; 262

(3) The Department of Aging; 263

(4) The Academy of Senior Health Sciences; 264

(5) LeadingAge Ohio; 265

(6) The Ohio Health Care Association. 266

(B) Not later than September 30, 2026, the workgroup shall 267  
make recommendations for rules to be adopted by the Department 268  
of Medicaid under division (C) of section 5165.27 of the Revised 269  
Code. The Department shall consider those recommendations in 270  
adopting the rules. The recommendations shall include additional 271  
environmental features that enhance the quality of life for 272  
nursing facility residents, a per diem amount for those features 273  
to be used in calculating the per medicaid environmental quality 274  
payment rate under section 5165.27 of the Revised Code, and the 275  
method or methods necessary to verify that the facility has such 276

features." 277

Update the title, amend, enact, or repeal clauses accordingly 278

The motion was \_\_\_\_\_ agreed to.

### SYNOPSIS 279

#### **Nursing facility environmental quality incentive payment 280**

**R.C. 5165.27, 5165.15, 5165.151, with a conforming change 281**

**in R.C. 5165.23; Section 751.00.01 282**

Beginning July 1, 2027, modifies the nursing facility per 283

Medicaid day payment formula to reduce the capital costs 284

component to zero, and adds an environmental quality incentive 285

payment rate comprised of an adjusted per bed value amount and 286

an environmental quality features amount. 287

Requires ODM to adopt rules by December 31, 2026, to (1) 288

specify environmental features to be considered, (2) prescribe 289

documentation nursing facilities must submit to verify such a 290

feature, and (3) assign a per diem amount for each. 291

Establishes a workgroup of state agencies and industry 292

stakeholders to make recommendations to ODM by September 30, 293

2026, regarding the three items described above that must be 294

included in ODM rules. 295