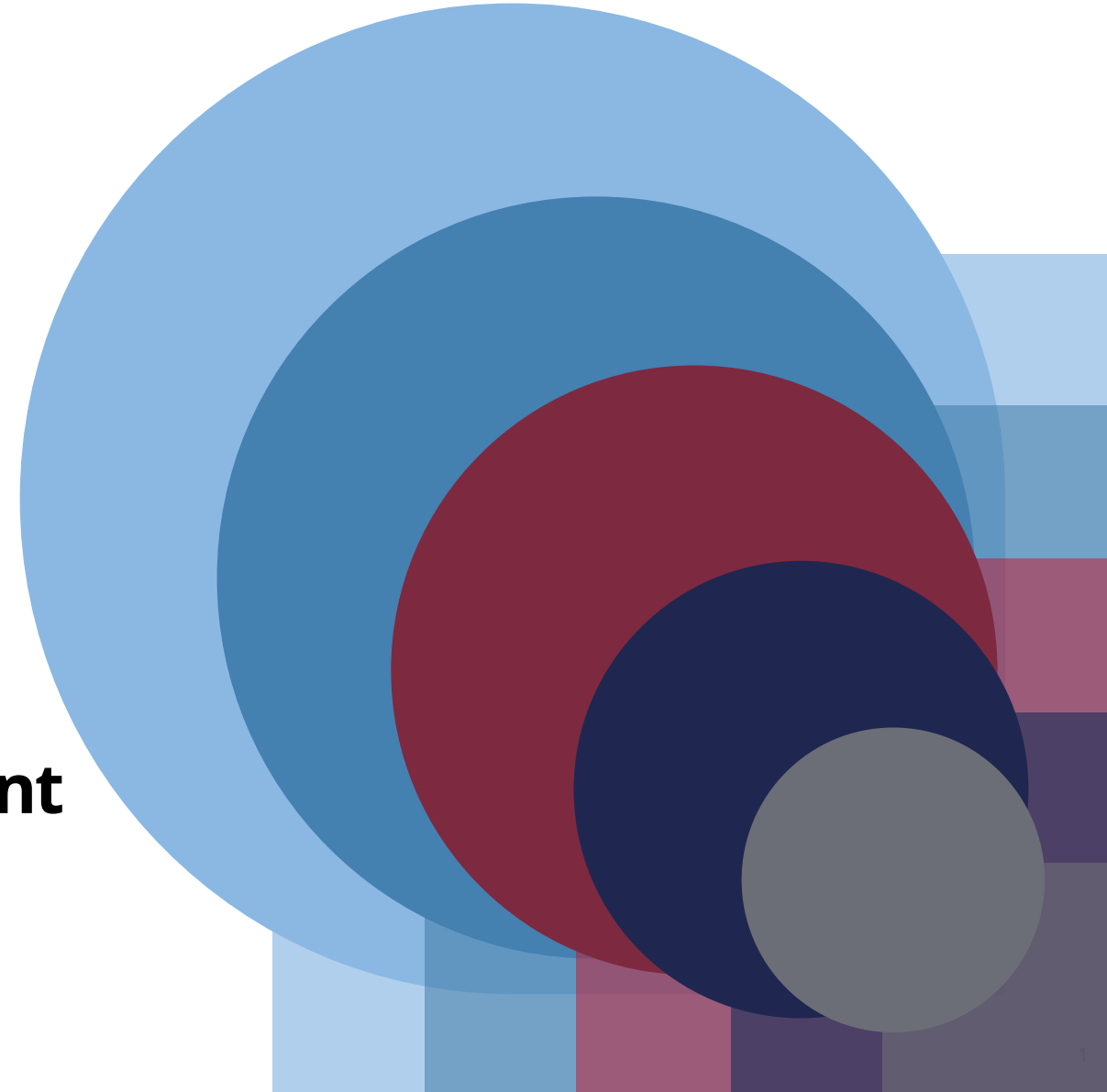


AUGUST 7TH, 2025

DODD ICF Stakeholder Engagement Meeting 3



Agenda

An overview of today's planned discussion

1. **Project Summary**

- Project Goal Development
- Project Task Overview
- Rate Update Options
- Proposed Option Comparison

2. **SFY26 Impacts Under Proposed Direct Care Cap Methodology**

- Methodology Revisit
- Impacts by Peer Group
- Identified Provider Impacts

Project Summary



Direct Care Rate Update | Project Objectives

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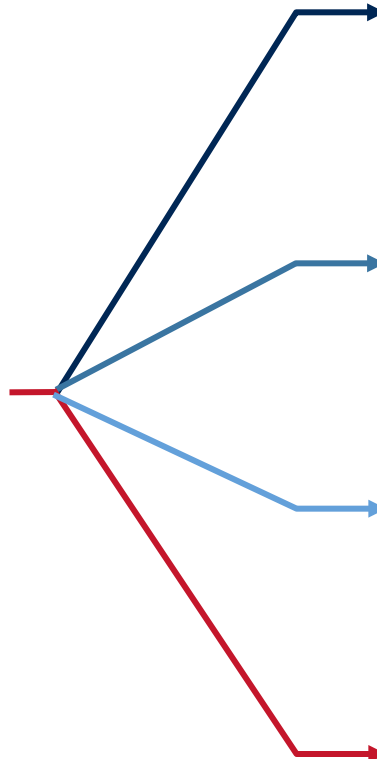
DODD ICF Direct Care rate methodology project overview, highlighting project goals and objectives

What We Heard

- The ODDP assessment **does not** recognize appropriate management of **behavioral needs** of individuals
- In the ODDP's current state, analysis **did not indicate a clear relationship** between provider ODDP case mix scores and ICF direct care hours
- The ODDP assessment adds administrative workload to ICFs and DODD staff but only directly impacts **~20% of ICF providers** under the current rate methodology

DODD's Goals

- Limit Financial Impact**
- Payments Based on Provider Operational Need**
- Reimbursement Simplicity**
- Reduce or Maintain Number of Impacted Providers**



Direct Care Rate Update | Project Task Overview

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DODD ICF Direct Care rate methodology project overview, highlighting project task areas and outcomes

PROJECT TASKS



Current State Assessment



Environmental Scan



Develop Revised Direct Care Rate Methodology Options

OUTCOMES

- Determined **quarterly attestations** are required for **every resident** in the facility for every ICF provider
- Prioritized **preserving majority** of the current rate methodology (e.g., use of peer group specific rate ceilings)
- Identified there is **no clear positive relationship** between **case-mix scores** and **hours per inpatient bed day**
- Calculated the current methodology only **caps 4.5%** of the reported direct care costs
- Found that only **14 states** use **acuity measures** in their direct care rates for ICFs
- Developed **3 revised direct care rate methodology options** considering findings and results from previous steps:
 - **1. Remove acuity component from rate**
 - **2. Revise the DDP**
 - **3. Implement a new acuity assessment**

Direct Care Rate Update | Revision Options

Benefits and considerations of alternative rate methodology options based on their alignment with the determined goals.

CONSIDERATIONS UNDER EVERY OPTION

- Developed to achieve cost neutrality resulting in both **rate increases and decreases** for providers
- The concept that **hours of care delivery measures a change in acuity measurement**, as is consistent with current methodology
- Requires **revisions to the Medicaid State Plan and Ohio Codes**

OPTIONS	BENEFITS	CONSIDERATIONS
Remove Acuity Component	• Continues to utilize peer group cost comparison • Simplifies rate methodology • Reduces administrative work	• A direct acuity measure is not used in the rate • Requires system changes to remove ODDP
Revise the ODDP	• Maintains direct acuity measure in rate • Least disruptive approach • Requires few operational changes	• Revisions require outside expertise for validity • Continued administrative work for providers • Requires updated time study • Tool differs from waiver services
Implement a New Acuity Assessment	• Maintains direct acuity measure in rate • Ability to select the assessment tool • Ability to align with waiver assessment tool	• Significant time and investment to implement • Continued administrative work for providers • Requires updated time study • No states use the new waiver tool to measure acuity for ICF residents

Proposed Direct Care Rate | Total Direct Care Cost Per Day

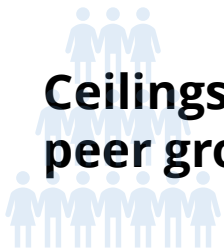
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An overview of the proposed direct care rate in comparison to the current case-mix score methodology

What is **consistent** with the case-mix approach?



Rates remain **reliant** on provider **cost report data**



Ceilings are established by **peer group**

Approach for all **other components and add-ons** of the ICF rate remain **the same**

What is **different** from the case-mix approach?



Lower administrative workload



Reimbursement **simplicity**



The payment is based on the provider's **operational need**

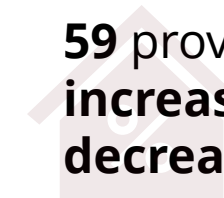
What is the **overall impact**?



Caps **fewer dollars** overall



Reduces the number of **providers capped**



59 providers experience **rate increases** while **32** see a **decrease**

Proposed Methodology



Proposed Methodology | Direct Care Per Diem Calculation

Description and overview of the determination of direct care per diem costs under the proposed rate methodology

Direct Care

Uses total direct care per diem; compares provider direct care cost per diem to one standard deviation above the peer group average

	Total Allowable Direct Care Costs
÷	Inpatient Days
=	Provider Direct Care Cost Per Diem

	Average Direct Care Cost Per Diem	One for each Peer Group
+	1 Standard Deviation	
=	Maximum Direct Care Cost Per Diem	

Allowable Direct Care Cost Per Diem
Lesser of Provider Direct Care Cost Per Diem and Maximum Direct Care Cost Per Diem

	Allowable Direct Care Cost Per Diem
×	Inflation Factor
=	Provider Direct Care Per Diem

Proposed Methodology | 2024 Direct Care Cost Rate Ceilings

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Overview of the shift in providers capped across peer groups based on changes in average direct care per diems and standard deviations

PEER GROUP	2 0 2 4		
	Average Direct Care Costs Per Diem	Standard Deviation	Peer Group Per Diem Ceiling
1	\$339.61	\$90.32	\$429.93
2	\$299.59	\$59.79	\$359.38
3	\$294.70	\$65.43	\$360.12
4	\$357.30	\$155.05	\$512.35
5	\$335.44	\$43.51	\$378.96

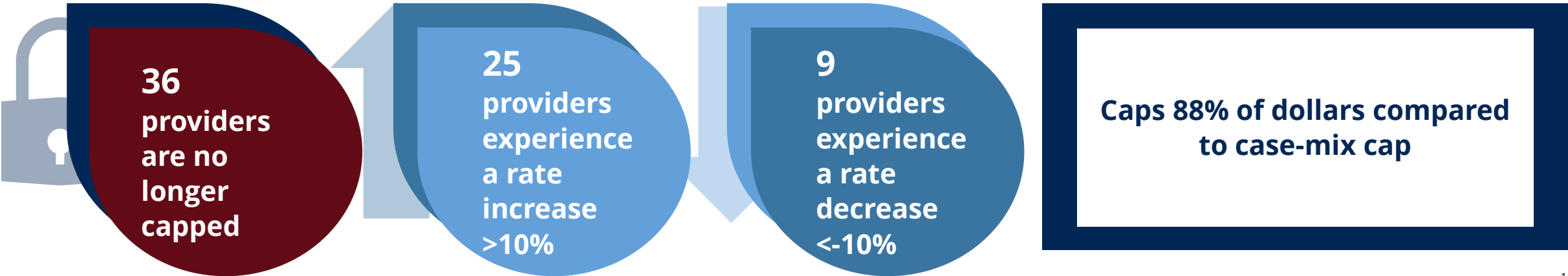
PEER GROUP	CURRENT CASE MIX CAPPED	PROPOSED DIRECT CARE CAPPED
1	10	7
2	6	4
3	31	32
4	24	10
5	1	2
Total	72	55*

* Impact analysis included ICF providers that had fully completed 2024 cost reports and consistent NPIs across all data sources

Proposed Methodology | CY 2024 Cost Report Impact

Overview of CY24 estimated impact based on the proposed methodology compared to CY24 case-mix estimated impacts

PEER GROUP	NEWLY CAPPED	STILL CAPPED	NO LONGER	COUNT	CAPPED AMT	CURRENT CAP
1	1	6	4	7	\$7,260,000	\$7,880,000
2	2	2	4	4	\$731,000	\$582,000
3	15	17	14	32	\$2,929,000	\$2,261,000
4	0	10	14	10	\$2,552,000	\$4,485,000
5	1	1	0	2	\$94,000	\$11,000
Total	19	36	36	55	\$13,566,000	\$15,580,000



* Impact analysis included ICF providers that had fully completed 2024 cost reports and consistent NPIs across all data sources

Proposed Methodology | Provider Association Identified Providers

Additional analysis highlights from the providers identified by provider associations as serving high medical or behavioral needs regardless of case-mix score

Within the 15 providers identified by multiple provider associations as serving high medical or behavioral needs regardless of case-mix score...



OBSERVATIONS



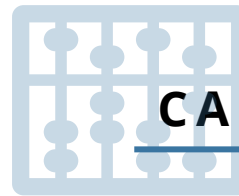
Although fewer providers are capped in this view, the total dollars capped increases by only ~50,000 additional dollars



There is not great overlap with the identified providers and providers who have high hours/day



Many of the identified providers are within the top of weighted average staff wage providers



CAP STATUS

8 Providers Not Capped in Either Method

6 Providers Remain Capped

1 Provider No Longer Capped

0 Providers Newly Capped



RATE IMPACT

8 Providers Have No Rate Impact

2 Provider Experience Rate Decreases

5 Providers Experience Rate Increases