

(c) Payroll records shall be maintained by the provider to substantiate the staffing costs reported to the office. The records shall indicate each employee's classification, hours worked, rate of pay, and the department or functional area to which the employee was assigned and actually worked. If an employee performs duties in more than one (1) department or functional area, the payroll records shall indicate the time allocations to the various assignments.

(d) When an owner or related party work assignment is at or below a department head level, the hours and compensation shall be included in the staffing hours reported using the forms prescribed by the office. Such hours and compensation must be reported separately and so identified. Compensation paid to owners or related parties for performing such duties shall be subject to the total staffing limitations and allowed if the compensation paid to owners or related parties does not exceed the price paid in the open market to obtain such services by nonowners or nonrelated parties. Such compensation to owners or related parties is not subject to the limitation found in section 20 of this rule.

405 IAC 1-12-20 Allowable costs; calculation of allowable owner or related party compensation; wages; salaries; fees; fringe benefits

Sec. 20. (a) Compensation for owner, related party, management, **general line personnel, and** consultants who perform management functions, or any individual or entity rendering services above the department head level shall be subject to the annual limitations described in this section. All compensation received by the parties as described in this subsection shall be reported and separately identified on the financial report form even though such payment may exceed the limitations. This compensation is allowed to cover costs for all administrative, policy making, decision making, and other management functions above the department head level. This includes wages, salaries, and fees for owner, administrator, assistant administrator, individuals within management, contractors, and consultants who perform management functions, as well as any other individual or entity performing such tasks.

(b) The maximum amount of owner, related party, management compensation for the parties identified in subsection (a) shall be the lesser of the amount under subsection (d), as updated by the office on July 1 of each year by determining the average rate of change of the most recent twelve (12) quarters of the Gross National Product Implicit Price Deflator, or the amount of patient or resident related wages, salaries, or fees actually paid or withdrawn which were properly reported to the Internal Revenue Service as wages, salaries, fringe benefits, expenses, or fees. If liabilities are established, they shall be paid within seventy-five (75) days after the end of the accounting period or such costs shall be disallowed.

(c) In addition to wages, salaries, and fees paid to owners under subsection (b), the office will allow up to twelve percent (12%) of the appropriate schedule for fringe benefits, business expenses charged to an

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operation, and other assets actually withdrawn that are patient or resident related. These expenses include fringe benefits that do not meet nondiscriminatory requirements of the Internal Revenue Code, entertainment, travel, or continuing education. Other assets actually withdrawn include only those items that were actually accrued and subsequently paid during the cost reporting period in which personal services were rendered and reported to the Internal Revenue Service as fringe benefits, expenses, or fees. If liabilities are established, they shall be paid within seventy-five (75) days after the end of the accounting period or such costs shall be disallowed.

(d) The owner, related party, and management compensation and expense limitation per operation shall be as follows:

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OWNER AND MANAGEMENT COMPENSATION		OWNER'S EXPENSE
BEDS	ALLOWANCE	(12% x Bed Allowance)
10	\$18,527	\$2,223
20	\$24,717	\$2,966
30	\$30,887	\$3,706
40	\$37,049	\$4,446
50	\$43,241	\$5,189
60	\$46,948	\$5,634
70	\$50,657	\$6,079
80	\$54,362	\$6,523
90	\$58,055	\$6,967
100	\$61,763	\$7,412
110	\$66,731	\$8,007
120	\$71,663	\$8,600
130	\$76,628	\$9,195
140	\$81,546	\$9,786
150	\$86,496	\$10,380
160	\$91,427	\$10,971
170	\$96,378	\$11,565
180	\$101,313	\$12,157
190	\$106,262	\$12,751
200	\$111,196	\$13,343
200 and over	\$111,196 plus	\$13,343 plus
	\$225 per bed over 200	\$27 per bed over 200

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This subsection applies to each provider of a certified Medicaid operation. The unused portions of the allowance for one (1) operation shall not be carried over to other operations.

405 IAC 1-12-20.5 Extensive support needs residences for adults; fair rental value allowance

Sec. 20.5. Providers of extensive support needs residences for adults shall be reimbursed for the use of facilities and equipment, regardless of whether they are owned or leased, by means of a fair rental value allowance. The fair rental value allowance shall be in lieu of the costs of all depreciation, interest, lease, rent, or other consideration paid for the use of property. This includes all central office facilities and equipment whose patient care-related depreciation, interest, or lease expense is allocated to the facility. The fair rental value allowance shall be calculated as follows:

- (1) The fair rental value allowance for extensive support needs residences for adults is calculated during rebasing years and base rate reviews by determining, on a per bed basis, the historical cost of allowable patient-related property for facilities that are not acquired through an operating lease arrangement, including the following:
 - (A) Land.
 - (B) Building.
 - (C) Improvements.
 - (D) Vehicles.
 - (E) Equipment.

The original historical cost of allowable resident related land, buildings, and improvements as of the provider's date of initial Medicaid certification shall be adjusted for changes in valuation by inflating the reported allowable patient-related historical cost of property from the date of facility acquisition to the present based on the change in the R. S. Means Construction Index.

- (2) The inflation-adjusted historical cost of property per bed as determined in subdivision (1) is arrayed to arrive at the average historical cost of property of the median bed.
- (3) The average historical cost of property of the median bed as determined in subdivision (2) is extended times the number of beds for each facility to arrive at the fair rental value amount.
- (4) The fair rental value amount is extended by a rental rate to arrive at the fair rental allowance. The rental rate shall be a simple average of the United States Treasury bond, ten (10) year amortization, constant maturity rate plus three percent (3%), in effect on the first day of the month that the index is published for each of the twelve (12) months immediately preceding the calendar quarter that includes the rate effective date. The rental rate shall be updated quarterly on January 1, April 1, July 1, and October 1.
- (5) If there are fewer than six (6) nonleased homes with rates established that are licensed as extensive support needs residences for adults, then the historical cost of property per bed used in the fair rental value calculation shall be one hundred eighteen thousand seven hundred fifty dollars (\$118,750).

405 IAC 1-12-21 Nonstate-operated intermediate care facilities for individuals with intellectual disabilities; allowable costs; compensation; per diem rate

Sec. 21. (a) The procedures described in this section are applicable to ICFs/IID with nine (9) or more beds only, notwithstanding the application of standards and procedures set forth in sections 1 through 20 of this rule.

(b) The per diem rate for ICFs/IID is an all-inclusive rate. The per diem rate includes all services provided to patients by the facility.

(c) Costs related to staffing shall be limited to seven (7) hours worked per patient day.

(d) Any ICFs/IID that is licensed as a CRMNF will be paid at a rate of seven hundred three dollars and ten cents (\$703.10) per resident day. This per diem rate is available only upon certification as a Medicaid ICF/IID and licensure by DDRS. ICFs/IID that are licensed as CRMNFs are not subject to other rate adjustments identified in this rule and will not receive a base rate nor be subject to the base rate reporting requirements at section 5 of this rule.

405 IAC 1-12-22 Community residential facilities for the developmentally disabled; allowable costs; compensation; per diem rate

Sec. 22. (a) Notwithstanding the application of standards and procedures set forth in sections 1 through 20.5 of this rule, the procedures described in this section apply to **ICFs/IID** with eight (8) or fewer beds (**CRFs/DD**), except for **ICFs/IID** licensed as:

- (1) small behavior management residences for children for which the procedures described in this section apply to facilities with six (6) or fewer beds;
- (2) small extensive medical needs residences for adults for which the procedures described in this section apply to facilities with four (4) beds; and
- (3) extensive support needs residences for adults for which the procedures described in this section apply to facilities with four (4) beds.

(b) Costs related to staffing shall be limited to the following:

Type of License	Staff Hours Per Resident Day
Sheltered living	4.5
Intensive training	6.0
Developmental training	8.0
Child rearing	8.0
Child rearing residences with specialized programs	10.0
Basic developmental	10.0
Small behavior management residences for children	12.0
Small extensive medical needs residences for adults	12.0
Extensive support needs residences for adults	24.0

(c) Any change in staffing that exceeds the current limitations of four and one-half (4.5) hours per resident day for adults and eight (8) hours per resident day for children will require approval on a case-by-case basis, upon application by the facility. This approval will be determined in the following manner:

(1) A new or current provider of service that seeks staffing above four and one-half (4.5) hours per resident day for adults or eight (8) hours per resident day for children must first obtain approval from the DDRS, based upon the DDRS assessment of the program needs of the residents. The DDRS will establish the maximum number of staff hours per resident day for each facility, which may be less than but may not be more than the ceiling for each type of license. If a change in type of license is required to permit the staffing limitation determined by the DDRS, then the DDRS will make its recommendation to the licensing authority and convey to the office the decision of the licensing authority. The office shall:

- (A) conduct a complete and independent review of a request for increased staffing; and
- (B) retain final authority to determine whether a rate change will be granted as a result of a change in licensure type.

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