

GOVERNMENT OF THE DISTRICT OF COLUMBIA  
Department of Health Care Finance



Office of the Senior Deputy Director/State Medicaid Director

Transmittal No: 13-08

**TO:** All Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IID) Receiving Medicaid Reimbursements.

**FROM:** Linda Elam, Ph.D., M.P.H.   
Senior Deputy Director/Medicaid Director

**DATE:** APR 25 2013

**SUBJECT:** Clarification of Reimbursement under the Fiscal Year 2013 ICF/IID Rate Model

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This transmittal provides clarification regarding two reimbursement issues related to the new ICF/IID reimbursement methodology for Fiscal Year (FY)13. The FY13 methodology is effective for claims for ICF/IID services provided on and after October 1, 2012.

Since the implementation of the new methodology, ICF/IID and active treatment providers have raised two issues:

1. Retroactive reimbursement for holidays and wages paid to hourly employees; and
2. Reimbursement for active treatment services.

**I. Background**

The Department of Health Care Finance (DHCF) developed the FY 2013 methodology for ICFs/IID with input from numerous stakeholders, including the facilities and their representatives, active treatment providers, and labor union representatives. Based upon stakeholder input, the final FY 2013 methodology incorporates several assumptions in order to ensure the soundness of the model and to address concerns voiced by the various stakeholder groups. These assumptions include:

- The minimum wage for hourly employees equals the living wage rate in the District;
- All ICF/IID employees (including hourly employees) are paid time-and-a-half for any holiday worked;
- ICFs/IID are "pass-through" entities for purposes of reimbursement for active treatment services. This designation supports operational efficiency and helps the facilities to ensure that active treatment services meet the needs of beneficiaries, in accordance with 42 C.F.R. § 483.440(d).

On January 25, 2013, the Centers for Medicare and Medicaid Services (CMS) approved the State Plan Amendment (SPA) establishing the FY 2013 methodology. The SPA replaced Attachment 4.19-D, Part II of the District of Columbia's State Plan for Medical Assistance, and became effective for all ICF/IID reimbursements related to services provided on and after October 1, 2012. Through this Transmittal, DHCF is clarifying the policies outlined in the State Plan related to the two cited issues.

## **II. Retroactive Reimbursement for Holiday and Hourly Wage Rates Paid to Hourly Employees**

Under the FY 2013 methodology, hourly employees are either Direct Service Personnel (DSP) or Licensed Professional Nurses (LPNs).

Any DSP that was employed by an ICF/IID on October 1, 2012, (including those who were terminated thereafter), should be paid, at a minimum, the District's living wage rate. The living wage was incorporated into the model as the hourly minimum (\$12.50 per hour).

Furthermore, all hourly employees (DSP and LPNs) are entitled to receive 1.5 times their hourly wage rate (time-and-a half) for any public holiday worked on or after October 1, 2012. *See State Plan, Attachment 4.19D, Part II, Sections III. 6. and 7.*

## **III. Reimbursement for Active Treatment Services**

Pursuant to 42 C.F.R. § 483.440(a), "Each client must receive a *continuous* active treatment program" (*emphasis added*). The District's FY 2013 methodology better aligns DHCF's policy on active treatment services with federal requirements and incorporates funds for active treatment into the bundled ICF/IID per diem. DHCF will reimburse each ICF/IID an active treatment per diem of \$82.39 for 365 days for a total of \$30,072.35 per beneficiary per year.

Unless specifically stated in the Individual Program Plan (IPP) (approved by the Department of Disability Services (DDS) as a component of the Individual Support Plan (ISP)), **all** active treatment services shall be provided by external, active treatment providers. Where an external provider is engaged to deliver active treatment to Medicaid beneficiaries residing in the ICF/IID, the ICF/IID shall make arrangements to "pass through" funds to the external provider. Under this pass through arrangement, the ICF/IID must remit annually the entire \$30,072.35 per beneficiary to the external provider. The ICF/IID shall remit the daily rates to the external provider including days beneficiaries are absent, unless one of the exceptions discussed in b. below applies.

### ***a. Reimbursement Reconciliation***

As stated, the ICF/IID must use the entire \$30,072.35 for active treatment. However, on average, active treatment providers actually provide services for up to 249 days per year (i.e., 249 days per year assumes delivery of active treatment services 5 days per week, for 52 weeks per year, less 11 holidays per year). Instead of the 365 days used to calculate the daily active treatment rate, an active treatment provider (including the ICF/IID itself) is entitled to allocate the \$30,072.35 active treatment pool over 249 days to equal \$120.77 per day.

Therefore, active treatment services delivered on and after October 1, 2012, should be invoiced at a rate of \$120.77 per day, multiplied by the number of days the provider or ICF/IID was open, except for holidays, regardless of whether a beneficiary is absent. DHCF recommends that contracts or agreements for active treatment services include language memorializing this rate and clarifying that no other daily rates will be negotiated.

### ***b. Exception***

Except for payments denied by DHCF due to eligibility issues or exceeding the limit for bed hold days, the ICF/IID must pay the daily active treatment per diem of \$120.77, excluding weekends and holidays, to the active treatment provider.

**IV. Recoupment**

Each ICF/IID shall complete and return to DHCF the attached attestation form as proof of compliance with the policies clarified through this transmittal by July 31, 2013.

Any undisbursed funds or unpaid amounts related to reimbursement for hourly wages and expenses for active treatment services (provided on and after October 1, 2012) shall be recouped pursuant to the State Plan, Attachment 4.19-D, Part II, Section VIII. (B).

**V. Effective Date**

This transmittal is effective immediately.

If you have any questions please contact Ganayswaran Nathan, Deputy Director, Medicaid Finance, at [ganayswaran.nathan@dc.gov](mailto:ganayswaran.nathan@dc.gov) or 202-442-8980.

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**ICF/IID Compliance Attestation**

By signing this compliance attestation, I *certify* that I have read the attached transmittal and that I have examined the accounting records from October 1, 2012, including all relevant employee time reports, as well as invoices for active treatment services, and, to the best of my knowledge, that I have complied with the requirements of this transmittal. Additionally, I understand that I may be subject to the recoupment of any undisbursed amounts, in the event an audit is conducted by DHCF in connection with the payment of hourly wages, holiday pay and active treatment services beginning from October 1, 2012.

Company: \_\_\_\_\_

Name: \_\_\_\_\_

Position: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_