

**OFFICE OF THE SECRETARY OF FAMILY AND SOCIAL SERVICES**

**Notice of Proposed Changes to Reimbursement Methodology and Rates of Payment for Medicaid Services of Community Residential Facilities for the Developmentally Disabled (CRFs/DD) and Intermediate Care Facilities for the Mentally Retarded (ICFs/MR)**

In accordance with the public notice requirements of Section 1902(a)(13)(A) of the Social Security Act, the Indiana Family and Social Services Administration, Office of Medicaid Policy and Planning publishes this notice of proposed revisions to the Medicaid reimbursement methodology for Medicaid-enrolled community residential facilities for the developmentally disabled (CRFs/DD) and intermediate care facilities for the mentally retarded (ICFs/MR).

The Office of Medicaid Policy and Planning (OMPP) proposes to modify the Medicaid reimbursement formula for CRFs/DD and ICFs/MR by providing for re-basing of Medicaid rates established under 405 IAC 1-12 every two years.

This change is necessary to help ensure that Medicaid reimbursement for costs incurred by facilities that are not economically and efficiently operated are minimized, and the OMPP can implement cost containment initiatives to assist in covering the increasing costs of the Indiana Medicaid program.

It is estimated that the first year fiscal impact for this change will be approximately \$3.3 million (state and federal dollars) reduction in expenditures.

Copies of proposed amendments to the rule (405 IAC 1-12) will be published in the Indiana Register on June 1, 2002 and will be available (along with copies of this public notice) and may be inspected on or after May 10, 2002, by contacting the Director of the local County Division of Family and Children office, except in Marion County where public inspection may be made at 402 West Washington Street, Room W382, Indianapolis, Indiana. Copies of the proposed rates are available on the internet at [www.mslcindy.com](http://www.mslcindy.com). Interested parties without internet access should contact Myers and Stauffer LC at (800) 877-6927 to obtain copies of proposed rates. Written comments may be directed to IFSSA, Attention: Karen S. Filler, 402 West Washington Street, Room W382, P.O. Box 7083, Indianapolis, Indiana 46207-7083.

Correspondence should be identified in the following manner: "COMMENTS RE: PROPOSED CHANGES TO THE CRFs/DD and ICFs/MR REIMBURSEMENT SYSTEM." Written comments received will be made available for public display at the above listed address of the Office of Medicaid Policy and Planning.

John Hamilton

Secretary

Office of the Secretary of Family and Social Services

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**OFFICE OF THE SECRETARY OF FAMILY AND SOCIAL SERVICES**

**Notice of Proposed Changes to Reimbursement Methodology and Rates of Payment for Medicaid Services of Nursing Facilities**

In accordance with the public notice requirements of Section 1902(a)(13)(A) of the Social Security Act, the Indiana Family and Social Services Administration, Office of Medicaid Policy and Planning publishes this notice of proposed changes to the reimbursement methodology ("case mix") for Medicaid-enrolled nursing facilities.

The Office of Medicaid Policy and Planning (OMPP) proposes to modify the case mix reimbursement formula as follows:

- Impose a 65% minimum occupancy standard when computing allowable per diem direct care, indirect care and administrative costs
- Establish a children's nursing facility designation for Medicaid reimbursement purposes
- Remove the profit add-on portion of the direct care rate component for nursing facilities not designated as children's nursing facilities
- Remove indirect care and administrative costs allocable to certain ancillary services reimbursed by other payers
- Provide for re-basing of nursing facility Medicaid rates every other year

These changes are necessary to help ensure that (1) Medicaid reimbursement for costs incurred by facilities that are not economically and efficiently operated are minimized; (2) the OMPP can implement cost containment initiatives to assist in covering the increasing costs of the Indiana Medicaid program; (3) that Medicaid payments to nursing facilities designated as children's nursing facilities will promote access to services; (4) indirect and administrative costs allocable to ancillary services that are reimbursed by other payers are not also reimbursed by Medicaid.

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## Other Notices

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It is estimated that the fiscal impact for this rule will be approximately \$59.7 million per year (state and federal dollars) reduction in expenditures.

Copies of proposed amendments to the rule (405 IAC 1-14.6) will be published in the Indiana Register on June 1, 2002 and will be available (along with copies of this public notice) and may be inspected on or after May 10, 2002, by contacting the Director of the local County Division of Family and Children office, except in Marion County where public inspection may be made at 402 West Washington Street, Room W382, Indianapolis, Indiana. Copies of the proposed rates are available on the internet at [www.mslicindy.com](http://www.mslicindy.com). Interested parties without internet access should contact Myers and Stauffer LC at (800) 877-6927 to obtain copies of proposed rates. Written comments may be directed to IFSSA, Attention: Karen S. Filler, 402 West Washington Street, Room W382, P.O. Box 7083, Indianapolis, Indiana 46207-7083.

Correspondence should be identified in the following manner: "COMMENTS RE: PROPOSED CHANGES TO THE NURSING FACILITY CASE MIX REIMBURSEMENT SYSTEM." Written comments received will be made available for public display at the above listed address of the Office of Medicaid Policy and Planning.

John Hamilton

Secretary

Office of the Secretary of Family and Social Services

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