

Minnesota Department of **Human Services**
Disability Services Division

ICF/DD (ICF/MR) INFORMATION 2/22/11

Intermediate Care Facilities for Persons with Developmental Disabilities (ICFs/DD) are residential services for persons with developmental disabilities who require a 24 hour plan of care with active treatment. They have historically been known as ICFs/MR, but legislation in Minnesota has discontinued the use of the term mental retardation, which has been offensive to many, and is now using "DD" as an abbreviation for developmental disabilities. Not all people with a developmental disability will qualify for ICF/DD services. There is a level of care threshold that includes the need for a 24 hour plan of care and habilitation services. This level of care is determined by medical, and psychological evaluations, and an assessment process completed by counties.

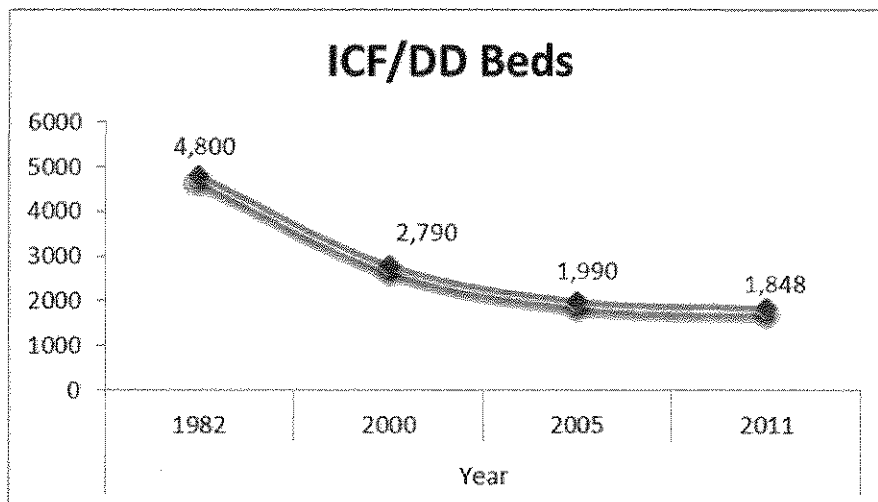
ICFs/DD provide 24-hour care, active treatment, training, and supervision to persons with the goal to help individuals acquire the skills necessary for maximum independence and community inclusion, reduce dependency on providers, and maintain health of individuals through active treatment. Many facilities now provide services for persons with aging conditions, such as Alzheimer's, and also contract for in-home hospice care. Like nursing facilities, an ICF/DD provides a package of services which includes housing and food.

ICF/DD certification and federal financial participation through Medicaid began in 1971 in Minnesota. Counties pay 5% of the cost for facilities serving seven or more persons; there is no county share for facilities serving six or fewer persons. There are two types of licenses – class A and class B. Recipients who reside in class B homes typically have higher medical needs, and are not able to take steps for self-preservation in case of an emergency.

ICF/DD providers must meet federal and state licensing and certification standards. The DD waiver offers alternative services to people who meet ICF/DD. The home and community based service waivers "waive" the established ICF/DD regulations and allow states to have flexibility in designing the services, and standards.

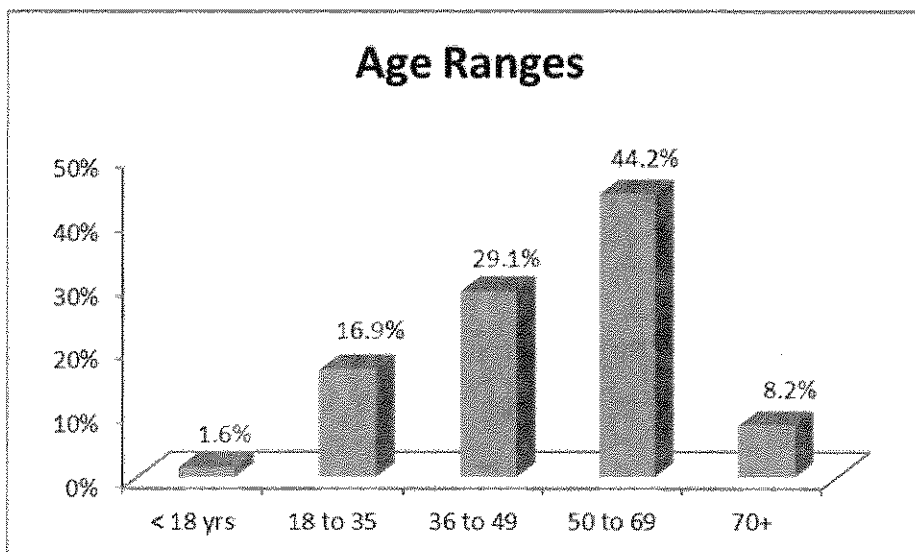
When Medicaid funding became available in 1971, state hospitals were certified as ICFs/DD and federal match off set the state cost of services. These large state institutions served thousands of people and were some of the largest facilities until their closure a decade ago as public policy supported the use of more flexible and cost effective waiver services. There are also community ICFs/DD developed by private providers and local government entities. There has been the same shift to home and community based waiver services in the private sector. Over 25 years ago, there were more than 9,200 beds in larger community ICFs/DD, and there are now 1,848 beds located in 59 out of 87 counties. Most providers converted their business models to home and community based services through this transition.

Total ICF/DD beds in Minnesota have been declining over the last several decades:

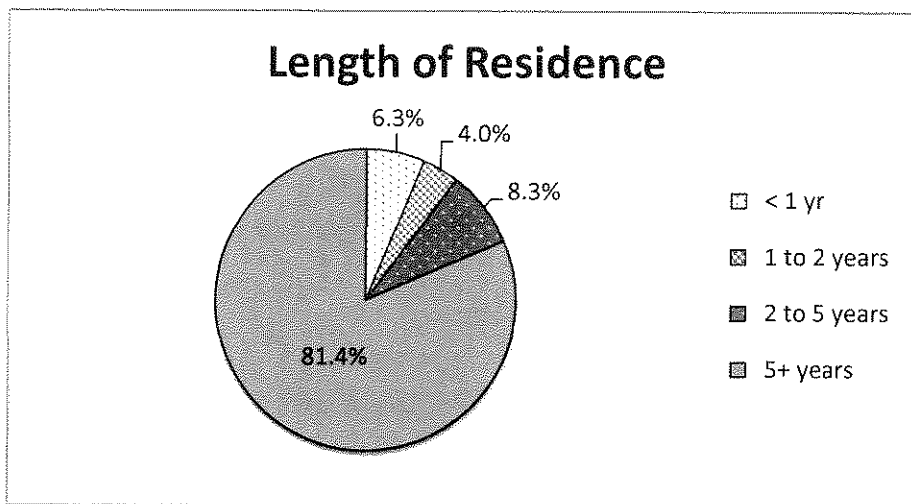


The 218 ICFs/DD facilities vary in size from four to 64 beds. There are 151 facilities with six or fewer beds (70%), which follows a downsizing trend in the industry. Approximately half of the facilities are located in the seven county metro area.

The average age of ICF/DD residents is 49, which reflects the aging population in these facilities:



The majority of residents have lived in their current setting for an extended period of time:



Unlike nursing homes, provider rates are not based on a case mix system and there are no adjustments for geographic location. Provider rates are based on the final cost report for calendar year 1998 under Rule 53, which was the previous cost-based reimbursement system. The current contract-based format was adopted in 2000, and provider rates have been adjusted only through cost of living adjustments approved by the legislature. The most recent adjustment reduced payment rates by 2.58% on July 1st, 2009. The average monthly cost is \$6,491.

Variable rates are available for individual recipients with high behavioral or medical needs, or for recipients who want to retire from attending Day Training and Habilitation (DTH) programs. However, only facilities with a daily rate which is less than the average rate for their class (A or B) are eligible. These funds pay for additional direct care staff or consultation costs only, and the estimated cost for state fiscal year 2011 is \$700,000. Variable rates can only be approved for 12 months, but renewals are allowed if a continued need is demonstrated. These costs to total reimbursement would raise the average recipient payment rate by slightly over \$2 per day.

Variable rate funds were unallotted on July 1st, 2009, during which time new applications could not be approved, although existing variable rate adjustments were allowed to be extended for one year. New applications were allowed as of July 1st, 2010. There are currently 62 recipients with variable rates, with an average annual cost of \$21,868.

Services During the Day is an option for recipients who want to retire from attending a Day Training and Habilitation program (DT&H). This is an alternative to variable rate retirement funding, and is used

more frequently by providers in order to more adequately cover their costs as it will provide 75% of the DTH facility rate.

The 2009 ICF/DD Legislative Report included several recommendations to address provider concerns. These included options such as:

- Allow variable rate funding for all facilities
- Allow variable rate funds to pay for equipment or building modifications
- Fund Services During the Day at 100% of the DTH rate
- Eliminate the 5% county share for facilities with more than six beds
- Create a One-time Rate Adjustment fund(OTRA) to pay for increased staffing or building modifications
- Adjust payment rates for vacant beds

Some recommendations from the report have been enacted, such as reducing documentation requirements for variable rate adjustments and removing outdated statutory references to Rule 53. Members of the 2009 ICF/DD Legislative Report will be meeting in March to review progress made on past recommendations as well as future opportunities.