SCOPE

Administrators, Non-State Operated ICFs/MR Regional Mental Retardation Program Managers

PURPOSE

To inform Intermediate Care Facilities for the Mentally Retarded (ICFs/MR) of the documentation required for processing of requests for waiver of the standard interim rate (see 55 PA Code Chapter 1181, Subchapter C, Sections 1181.351 through 1181.355) due to increased Workers' Compensation costs.

BACKGROUND

Workers' Compensation costs increase generally stem from three major areas: 1) increase in base rates; 2) experience modification increases as determined by the Pennsylvania Compensation Rating Bureau; and 3) changes in classifications of personnel as a result of Rating Bureau audits.

ICFs/MR are expected to manage increased costs within their approved funding levels. If, however, available funds are not adequate, the facility may request a waiver. As with all waivers, the facility must demonstrate that it tried to absorb the cost increases. In other words, an increase in Workers' Compensation costs is not, in itself, sufficient reason for a waiver of the standard interim rate until it is justified as a necessary increase in costs above the established approved funding level of the facility.

Submission of these waiver requests involves extensive documentation. To facilitate analysis of the data and to provide standardized evaluation, OMR has developed a check list of necessary documentation. This Bulletin provides the outline to be followed in documenting a request for a waiver of the standard interim rate due to increased Workers' Compensation costs.

DISCUSSION

The attached list of items must be completed in order, listed in the waiver request, and must be accompanied by written documentation to justify each item. If this data is incomplete, the waiver request will not be approved.

NEXT STEPS

Providers experiencing large increases in Workers' Compensation costs and anticipating requesting a waiver of the standard interim rate should consult this Bulletin prior to taking any such action.

Attachment
Waiver of the Standard Interim Rate
Justification for Worker's Compensation Costs

1. Compare prior cost to the requested cost and cite the difference.

2. Present a narrative of the type of premium payment plan (manual or retrospective), why this plan was chosen and if there are any intentions to change methodology.

3. Submit copies of the Pennsylvania Compensation Rating Bureau Experience Modification factor calculations for the prior period and the requested period. These may be obtained from the insurance agent if they have not been supplied to a provider.

4. Submit copies of agent billing for the prior period and the requested period. This must include a breakdown of the computation of the rates as well as the employee classification codes and the payroll dollars in each code. The total of these payroll dollars should agree with actual payroll costs or an explanation of the differences should be included. In addition, any dividends or discounts in cost to the facility must reduce the cost to DPW and should be included in the documentation.

5. Describe the reason(s) for the increase. (i.e., general increases in costs of individual classifications, individual experience modification, or changes of classification codes).

6. Submit a breakdown of injuries for the past three years. Include type of injury (back, neck, etc.), number of incidents for each type, and days lost.

7. Submit a narrative outlining plans of correction. This should include methods to be used to lower both incidence and duration of claims.