



Ohio Benefits from Increase in Franchise Fees Paid by Skilled Nursing Care Facilities

Nearly \$670 million generated for state budget

Lost in much of the state budget discussions about Medicaid reimbursement for care provided in Ohio's skilled nursing care facilities (SNFs) is the fact that the collective \$285 million increase in franchise fees paid by almost all facilities will generate about \$670 million in federal matching funds for the State; the majority of those funds will be used in areas unrelated to skilled nursing care facilities. In addition, the State is changing its past practice of reimbursing SNFs for the full amount of their franchise fees, cutting reimbursement by at least \$120 million at a time when demands for skilled care are increasing dramatically.

What's the franchise fee?

The State of Ohio requires virtually all skilled nursing care facilities to pay a fee on each facility's licensed bed days (currently \$6.25 per bed per day x 365 days per year) regardless of whether or not Medicaid reimbursement is provided for all bed days. As a result, Ohio's SNFs pay the franchise fee on more than 34 million annual bed days – but Medicaid only reimburses them for about 18 million annual bed days.

How are those fees used?

These franchise fees are matched by the federal government and the State of Ohio then spends those funds for Medicaid-related needs and programs. Under the current budget proposal, SNFs will pay an additional \$285 million which, in turn, will generate more than \$670 million for the State.

What's changed?

The State is increasing the franchise fee by 76% (to \$11.00 per bed day) – approximately \$285 million. But the State also is changing its long-standing practice of fully reimbursing SNFs for the franchise fee they pay, resulting in a total loss of \$120 million for skilled nursing care facilities.

How will this affect care for patients in skilled nursing care facilities?

While inflation has jumped more than 19% in the last five years, Medicaid reimbursement has increased only 5% – resulting in more than 1,000 job losses. More people in skilled nursing care facilities need more care, but the State is actually reducing overall Medicaid reimbursement. Without adequate funding, additional jobs cuts – an estimate puts the number at more than 2,000 – will be needed and care for the State's most fragile citizens will decline.