

**SECOND ENGROSSMENT  
with Senate Amendments  
REENGROSSED HOUSE BILL NO. 1234**

Introduced by

Representatives Weisz, Porter

1 A BILL for an Act to amend and reenact section 50-24.4-15 of the North Dakota Century Code,  
2 relating to nursing home rate determination.

3 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

4 **SECTION 1. AMENDMENT.** Section 50-24.4-15 of the North Dakota Century Code is  
5 amended and reenacted as follows:

6 **50-24.4-15. Property-related costs.**

7 1. The department shall include in the ratesetting system for nursing homes a payment  
8 mechanism for the use of real and personal property which provides for depreciation  
9 and related interest costs. The property cost payment mechanism must:

10 a. Recognize the valuation basis of assets acquired in a bona fide transaction as an  
11 ongoing operation after July 1, 1985, limited to the lowest of:

12 (1) Purchase price paid by the purchaser;

13 (2) Fair market value at the time of sale; or

14 (3) Seller's cost basis, increased by one-half of the increase in the consumer  
15 price index for all urban consumers (United States city average) from the  
16 date of acquisition by the seller to the date of acquisition by the buyer, less  
17 accumulated depreciation.

18 b. Recognize depreciation on land improvements, buildings, and fixed equipment  
19 acquired, as an ongoing operation over the estimated useful remaining life of the  
20 asset as determined by a qualified appraiser.

21 c. Recognize depreciation on movable equipment acquired as an ongoing operation  
22 after August 1, 1995, over a composite remaining useful life.

23 d. Provide for an interest expense limitation determined by the department and  
24 established by rule.

- 1 e. Establish a per bed property cost limitation considering single and double  
2 occupancy construction. The double room limit after June 30, 2015, is one  
3 hundred sixty-three thousand four hundred thirty dollars and the single room limit  
4 is two hundred forty-five thousand one hundred forty-eight dollars.
- 5 f. Recognize increased lease costs of a nursing home operator to the extent the  
6 lessor has incurred increased costs related to the ownership of the facility, the  
7 increased costs are charged to the lessee, and the increased costs would be  
8 allowable had they been incurred directly by the lessee.
- 9 g. Recognize any mandated costs, fees, or other moneys paid to the attorney  
10 general through transactions under sections 10-33-144 through 10-33-149.
- 11 2. For rate years beginning after December 31, 2003, the limitations of paragraph 3 of  
12 subdivision a of subsection 1 do not apply to the valuation basis of assets purchased  
13 between July 1, 1985, and July 1, 2000. The provisions of this subsection may not be  
14 applied retroactively to any rate year before July 1, 2005.
- 15 3. For rate years beginning after December 31, 2007, the limitations of subdivision e of  
16 subsection 1 do not apply to the valuation basis of assets acquired as a result of a  
17 natural disaster before December 31, 2006. The provisions of this subsection may not  
18 be applied retroactively to any rate year before January 1, 2008.