

February 8, 2021

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1090

Page 1, after line 14, insert:

- "5. "Fair rental value" means the depreciated replacement value of the building, fixed equipment, moveable equipment, and land based on the facility's effective age. The calculation of the fair rental value of the building and fixed equipment must include a location factor, annual depreciation, and an annual replacement cost inflation factor.
6. "Fair rental value rate" means the per diem rate calculated using the fair rental value and rental rate."

Page 1, line 15, replace "5." with "7."

Page 1, line 17, replace "6." with "8."

Page 1, line 20, replace "7." with "9."

Page 2, line 8, replace "8." with "10."

Page 2, line 14, replace "9." with "11."

Page 2, line 17, replace "10." with "12."

Page 2, after line 18, insert:

- "13. "Margin cap" means a percentage of the price limit which represents the maximum per diem amount a nursing home may receive if the facility has historical operating costs below the price limit."

Page 2, line 19, replace "11." with "14."

Page 2, line 22, replace "12." with "15."

Page 2, line 24, replace "13." with "16."

Page 2, line 26, replace "14." with "17."

Page 2, line 27, replace "15." with "18."

Page 2, line 30, replace "16." with "19."

Page 3, line 5, replace "17." with "20."

Page 3, line 9, replace "18." with "21."

Page 3, line 12, replace "19." with "22."

Page 4, line 5, after "diems" insert ", increased by the market basket for skilled nursing facility before productivity assessment."

Page 4, line 11, overstrike "may not fall below" and insert immediately thereafter "must be established using the same percentage of"

Page 4, line 11, overstrike "of the most recent cost report." and insert immediately thereafter "used to establish the limits for the June 30, 2020, base period."

Page 5, after line 24, insert:

- "7. The margin cap used for the rate year beginning 2022 price limits must be no less than three and forty-six hundredths percent.
8. The market basket for skilled nursing facility before productivity adjustment is the preferred index to adjust historical operating costs when a new base period is established and to adjust the price rate in subsequent years until a new base rate period is established.
9. For the rate years beginning 2022 and 2023, the department shall inform the nursing home of the operating rate using historical operating costs and the operating rate using price limits. The nursing home shall inform the department if the nursing home wants to accept the operating rate using historical operating costs as the established rate."

Page 6, line 16, after "~~Establish~~" insert an underscored period

Page 6, line 30, after the overstruck period, insert "The per bed property cost limitation must apply to construction or renovation projects currently in process or which have approved financing in place on or before December 31, 2021. The nursing home must have agency approval of the project by December 31, 2022. The nursing home shall notify the department within thirty days of receiving financial approval for any construction or renovation projects that financing is in place on or before December 31, 2022."

Page 7, line 1, remove the overstrike over "3."

Page 7, line 4, after the overstruck period insert "The maximum allowable movable equipment replacement value per licensed bed must be fifteen thousand dollars when calculating the fair rental value."

Page 7, line 5, remove the overstrike over "4."

Page 7, line 7, after the second overstruck period insert "The maximum allowable square footage per licensed bed must be nine hundred fifty square feet [88.26 square meters] when calculating the fair rental value.

5. The maximum allowable rental rate must be eight percent when calculating the fair rental value rate.
6. Effective with the 2023 rate year, the property rate component of the payment rate, exclusive of startup and passthrough costs, must be the greater of the rate calculated using allowable property-related costs or the fair rental value rate. If the fair rental value rate is greater than the rate calculated using allowable property-related costs, the increase must be phased in over a four-year period.
7. Effective with the 2023 rate year, if the fair rental value rate is greater than the rate calculated using allowable property-related costs, the increase must be reserved until a major renovation or construction is placed in service.

8. Effective with the 2023 rate year and subsequent rate years, if the fair rental value rate is less than the rate calculated using allowable property-related costs, the department shall inform the nursing home of the property rate using allowable property-related costs and the fair rental value. Before the start of each rate year, the nursing home shall inform the department if the nursing home wants to accept the property rate using allowable property-related costs as the established rate. The allowable property-related costs must be calculated using only the allowable depreciation on capital assets and interest on debt as of June 30, 2022, for all rate years. Once the fair rental value rate is equal to or greater than the rate calculated using allowable property-related costs, or the nursing home does not inform the department the nursing home wants to accept the property rate using allowable property-related costs, the department no longer need inform the nursing home of the property rate using allowable property-related costs and the rate must be calculated using the fair rental value methodology."

Renumber accordingly