

## State Approaches to Reducing/Limiting Nursing Facility Bed Capacity -- Summary

Kansas	Kansas does not have a program to reduce bed capacity, but does maintain a minimum occupancy rule as part of the reimbursement methodology. Historically, the State has considered a bed reduction program, but has never implemented.
Minnesota	The State has a bed buyback program where providers are paid to retire nursing facility beds.  Minnesota also has a bed layaway program that provides increased reimbursement to facilities that agree to take NF beds out of use for at least five years.
Louisiana	<p>The State of Louisiana has implemented several measures to reduce or control total nursing facility licensed beds. These measures are as follows:</p> <p><u>Special Rate Programs</u></p> <p>Louisiana developed two separate special rate programs that allow a facility to be compensated for reducing the available licensed beds.</p> <ol style="list-style-type: none"> <li>1. <u>Bed Buy Back Program [LAC § 20012]</u>– In the Bed Buy Back Program, a Medicaid participating nursing facility (or group of nursing facilities) purchase a separate Medicaid participating nursing facility, closes that facility, and surrenders all associated licensed beds (of the seller) to the Medicaid program. After the transfer of ownership and the surrender of licensed beds has been completed, the buyer (or buyer group) are reimbursed a specified amount over a 60 month period.</li> <li>2. <u>Private Room Conversion Program [LAC § 20010]</u> - Under this program a facility converts semi-private nursing facility rooms to private rooms and surrenders the now non-existent licensed beds to the Medicaid program. Facilities that engage in this program are allowed to bill the Medicaid program an additional \$5 per day for each Medicaid resident that resides in one of the newly created private rooms. The \$5 per day is paid outside of the standard per diem rate and can be billed in perpetuity as long as a Medicaid resident resides in the created private room.</li> </ol> <p><u>Statutory Limitations and Reduction Options [RS 40:2116]</u></p> <ol style="list-style-type: none"> <li>1. A bed abeyance program to reduce nursing facility beds. <ol style="list-style-type: none"> <li>a. A nursing facility may place all (but not part) of their licensed beds in abeyance which will disenroll them from the Medicaid program. This may occur only if the service area they are located in has an occupancy percentage below an established threshold.</li> <li>b. The State will require facilities to take beds out of abeyance if the service area occupancy percentage increases to an established threshold.</li> <li>c. Facility can return all or a portion of their beds at that time. <ol style="list-style-type: none"> <li>i. Beds not returned are disenrolled from the Medicaid program.</li> </ol> </li> </ol> </li> <li>2. A bed exchange program that allows a nursing facility to create adult residential care beds based on permanent elimination of existing nursing facility beds</li> </ol>

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<p>Louisiana (continued)</p>	<p>2. A bed exchange program that allows a nursing facility to create adult residential care beds based on permanent elimination of existing nursing facility beds</p> <p>3. A moratorium was established preventing nursing facilities from increasing licensed bed capacity.</p> <p>a. The moratorium is in effect for the time periods of July 1, 1996 through July 1, 2016.</p> <p>i. The end date of the Moratorium may be extended.</p> <p>Capital Reimbursement Provisions</p> <p>Louisiana reimburses for the capital portion of a facility's rate through a Fair Rental Value (FRV) system. The FRV system makes payment based on the size, age, and number of licensed beds instead of actual capital expenditures. Within the FRV calculation an annual rental value is calculated. The annual rental value is then divided by the greater of the facility's actual resident days or the minimum occupancy percentage multiplied by the facility's total beds days available. The result of that calculation is the FRV per diem paid to the facility. The Fair Rental Value calculation is defined in LAC §20005.D.3.</p> <p>1. The state increased the minimum occupancy percentage from 70% to 85%.</p> <p>a. This increases the chances that a nursing facility would be subject to the minimum occupancy threshold, which in turn lowers their reimbursement for capital expense.</p> <p>b. Facilities have voluntarily decreased their licensed bed capacity in order to reduce the impact of the minimum occupancy percentage.</p>
<p>Pennsylvania</p>	<p>Facilities must seek approval prior to adding Medicaid beds. The Pennsylvania approval process for new beds and bed transfers, starting at 1187.171, is found at the following link: <a href="http://www.pacode.com/secure/data/055/chapter1187/chap1187toc.html">http://www.pacode.com/secure/data/055/chapter1187/chap1187toc.html</a>. Quite a few bed transfers are approved, but hardly any new facilities or expansion of existing facilities are approved unless it's a specialty facility.</p> <p>The State doesn't have a process in which beds are decertified, but there are supplemental payments, one of the qualifiers for which is to be above 85% occupancy. Nursing facilities also do not get paid for bed hold days if they have occupancy below 85%. Providers still tend to hold onto their beds because the peer grouping for rate setting is partially based on bed size and the peer groups of larger facilities usually have higher rates.</p>

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<p><b>Kentucky</b></p>	<p>A Certificate of Need (CON) process limits the number of beds that can become certified. Bed conversions or bed transfers may be allowed under specific circumstances (CON review standards located at <a href="http://chfs.ky.gov/NR/rdonlyres/1F860C07-4DEB-4DFC-82CA-A9563E0EF9A1/0/2013KentuckyStateHealthPlan.pdf">http://chfs.ky.gov/NR/rdonlyres/1F860C07-4DEB-4DFC-82CA-A9563E0EF9A1/0/2013KentuckyStateHealthPlan.pdf</a>).</p> <p>An application for nursing facility beds shall be consistent with this Plan if the following criteria are met:</p> <ol style="list-style-type: none"> <li>1. The number of nursing facility beds being applied for is equal to or less than the net county NF bed need;</li> <li>2. Any approval shall give preference to conversion of personal care beds and acute care beds to nursing facility beds so long as the conversions are more cost effective than new construction; and</li> <li>3. Notwithstanding the above criteria, an application submitted by an existing facility that has met the emergency circumstances provision as outlined in 900 KAR 6:080, Section 2, and has received notice from the Office of Health Policy that an emergency exists shall be consistent with this Plan only if the application is restricted to the limited purpose of alleviating the emergency.</li> <li>4. Notwithstanding the above criteria, an application submitted to transfer or relocate existing certificate of need approved nursing facility beds shall be consistent with this plan if the following criteria are met:             <ol style="list-style-type: none"> <li>a. The selling or transferring entity has a certificate of need or licensed nursing facility bed inventory of at least 250 beds;</li> <li>b. The proposed relocation is within the same Area Development District in a county which had an increase in the age 65 and over population of &gt;50% from 2000-2010, and is projected to experience &gt;75% increase in the age 65 and over population from 2010-2020; and</li> <li>c. The selling or transferring entity does not propose to sell or transfer more than fifty (50) percent of its certificate of need approved or licensed nursing facility beds.</li> </ol> </li> </ol>
<p><b>Maryland</b></p>	<p>Maryland nursing facilities are allowed to temporarily delicense beds. If the beds are not activated within one (1) year, they remain permanently delicensed. A minimum occupancy parameter is also used for rate calculations for some cost centers.</p>