

5179-S

Sponsor(s): Senate Committee on Health & Long-Term Care (originally sponsored by Senators Deccio, Prentice and Wood)

Brief Title: Correcting inequities in the nursing facility reimbursement system.

SB 5179-S - DIGEST

(SUBSTITUTED FOR - SEE 2ND SUB)

Declares that the following areas considered in determining reimbursement rates are changed: (1) The allowable cost for land on which new facilities are constructed is limited to the actual cost per square foot or the cost established by a mandatory competent professional appraisal process;

(2) real estate taxes on new or replacement construction only are recognized on a current funded basis for rate adjustments on non-rebasing years;

(3) new buildings, major remodels and allowable major repair projects have lives for depreciation purposes set according to guidelines published by the American Hospital Association, but for new construction they will never be set at less than 30 years; and

(4) anticipated patient day levels are used when adjusting the property and return on investment (ROI) components of the rate when facilities reduce capacity by reducing their number of beds.