MEMORANDUM

Texas Department of Human Services * Long Term Care/Policy

TO: LTC-R Regional Directors
Section/Unit Managers

FROM: Marc Gold
Section Manager
Long Term Care-Policy
State Office MC: W-519

SUBJECT: Regional Survey & Certification Letter #00-13

DATE: June 8, 2000

The attached RS&C Letter is being provided to you for information purposes and should be shared with all professional staff.

- RS&C Letter No. 00-13 -- Revised Skilled Nursing Institution or institutional complex (SNF) and Nursing Institution or institutional complex (NF) Rules on Distinct Part Bed Size Changes; Call Sue Brown, Professional Services, at (512) 438-2631.

~Original Signature on File~

Marc Gold

Attachment

DEPARTMENT OF HEALTH & HUMAN SERVICES
Health Care Financing Administration
Division of Medicaid and State Operations, Region VI

1301 Young Street, Room 833
Dallas, Texas 75202
Phone (214) 767-6301
Fax (214) 767-0270

May 18, 2000

REGIONAL SURVEY AND CERTIFICATION LETTER NO: 00-13

To:	All State Survey Agencies	Action
	All Title XIX Single State Agencies	Information

Subject: Revised Skilled Nursing Institution or institutional complex (SNF) and Nursing Institution or institutional complex (NF) Rules on Distinct Part Bed Size Changes

EFFECTIVE: IMMEDIATELY

We are rescinding Regional Survey and Certification Letter No. 99-12, dated March 25, 1999, which clarified the Health Care Financing Administration's (HCFA) policy regarding the rules on distinct part bed size changes.

Instead, we will apply the new instructions in Transmittal #16 of the State Operations Manual (SOM) (issued May 1, 2000) to any pending requests to increase distinct parts.

SOM Section 3202, Change in Size or Location of Participating SNF and/or NF, Transmittal 16, includes the following revisions:

- If an institution or institutional complex has an existing SNF and/or NF agreement, it may elect to change the number of beds that are certified to participate in the Medicare or Medicare program up to **two** times per their cost reporting year. The institution or institutional complex may submit only **ONE** change in bed size at a time.

1. An institution or institutional complex may only change the bed size of its SNF and/or its NF **once** on the first day of the beginning of its cost reporting year and **again** on the first day of a single cost reporting quarter within that same cost reporting year in order to effect one of the following combinations:

An increase in its bed size on the first day of the beginning of its cost reporting year and an increase in its bed size on the first day of a single cost reporting quarter that falls within the same cost reporting year;

An increase in its bed size on the first day of the beginning of its cost reporting year and a decrease in its bed size on the first day of a single cost reporting quarter that falls within the same cost reporting year; or;

A decrease in its bed size on the first day of the beginning of its cost reporting year and an increase in its bed size on the first day of a single cost reporting quarter that falls within the same cost reporting year.

2. **At no time can the State Agency (SA) approve two decreases** in the bed size of an institution or institutional complex within the same cost reporting year.
3. An institution or institutional complex cannot request a change in its bed size just because it undergoes a change of ownership (CHOW) or because it has been approved to change its cost reporting year.

- An institution or institutional complex seeking a change in the number of Medicare and/or Medicaid certified beds must:

1. Submit a written request to the SA at least 45 days before the first day of its cost reporting year to effect a change on the first day of its cost reporting year **OR** the first day of a single cost reporting quarter within the same cost reporting year at which time it seeks to change its bed size to effect a change on the first day of the designated cost reporting quarter.
2. Submit floor plans identifying all areas of the institution or institutional complex with the current certified bed configuration and the proposed certified bed configuration in order for the SA to determine that the proposed change is in fact, in conformance with the rules for full participation or distinct part certification, which ever applies.
3. Include a reference to the institution or institutional complex's cost reporting year.

- There are certain situations (described below) which we believe warrant an exception to the above policy. Therefore, even if the institution or institutional complex has been approved for a change in bed size in accordance with the policies articulated above, the institution or institutional complex may be granted a change in bed size on the basis of one of these situations. To request a change in bed size based on one of these situations, the institution or institutional complex must submit a written request to the SA at least 45 days before the first day of its next cost reporting quarter, at which time the request will be effective if approved, along with floor plans identifying all areas of the institution or institutional complex with the current certified bed configuration and the proposed certified bed configuration. An exception may be granted based only on one of the following situations:

1. Life Safety Code (LSC) Requirements.--An exception may be granted if the request is to reduce the size of the SNF or NF to avoid being out of compliance with LSC requirements (e.g., sprinkler installation). The proposed bed configuration must be separated from the rest of the institution or institutional complex by a 2-hour fire wall, so that there is no danger of the fire spreading there from other parts not meeting safety requirements. In this case, the proposed reduction in the size of the SNF or NF may be established with an effective date that is request by the institution or institutional complex, but not earlier than the date that the separation can be documented. A full survey by the fire authority must be performed if the reason for the request is to limit noncompliance with LSC requirements.
2. Elimination of Distinct Part.--An exception may be granted if an institution or institutional complex concludes that it wants to become fully participating (i.e., all beds within the institution or institutional complex are certified to participate in the Medicare and/or

Medicaid Program). If the institution or institutional complex decides to become fully certified to participate in the Medicare and/or Medicaid program, **it cannot return** to distinct part certification until, at the earliest, the beginning of its next cost reporting year.

3. Enlargement Through Construction, Purchase or Lease of Additional Space.--An exception may be granted if the institution or institutional complex requests to increase the size of its SNF or NF to include space acquired through new construction, purchase or lease (e.g., constructing a new wing, purchasing an adjacent building or leasing a floor in a hospital).

(NOTE: Where a change in the size of an SNF also impacts the size of a NF, or vice versa, this represents one change for the SNF and one change for the NF.)

A request for a change in the number of certified beds of a participating SNF and/or NF cannot be approved on a retroactive basis; any change is made on a prospective basis only. The State Agency is responsible for advising the intermediary and updating OSCAR/ODIE of any bed size change that it has approved through the use of the Form HCFA-1539 notice.

Please notify all SNFs and NFs in your state of the changes in this memorandum and forward a copy of your notification to Wanda Eskue. If you have any questions concerning this letter, please contact Wanda Eskue at (214) 767-4428 or Theresa Bennett at (214) 767-4406.

Sincerely,

~Signature on File~

Molly Crawshaw, Branch Chief
Survey and Certification
Operations Branch

Enclosure (The enclosure can be located on the internet using this address:
http://www.hcfa.gov/pubforms/transmit/transmittals/comm_date_dsc.htm
THEN choose **File:** R16.SOM **COMM DATE:** 4/28/2000 **MANUAL:** PUB 07)