12VAC30-90-29. Transition to new capital payment methodology.

A. This section provides for a transition to a new capital payment methodology. The methodology that will be phased out for most facilities is described in Article 2 (12VAC30-90-30 et seq.) of this subpart. The methodology that will be phased in for most facilities is described in Article 3 (12VAC30-90-35 et seq.) of this subpart. The terms and timing of the transition are described in this section.

B. Nursing facilities enrolled in the Medicaid program prior to July 1, 2000, shall be paid for capital related costs under a transition policy from July 1, 2000, through June 30, 2012. Facilities and beds paid under the transition policy shall receive payments as follows:

1. During SFY 2001, each facility's capital per diem shall be the facility's capital per diem on June 30, 2000. The methodology under which this per diem is determined shall be the plant cost reimbursement methodology in effect as of June 30, 2000.

2. During SFY 2002, each facility subject to the transition policy shall be paid for capital costs under the methodology described in Article 2 (12VAC30-90-30 et seq.) of this subpart.

3. During SFY 2003 through SFY 2012, each facility subject to the transition policy shall have a capital per diem that is a percentage of the per diem described in Article 2 (12VAC30-90-30 et seq.) of this subpart plus a percentage of the per diem described in Article 3 (12VAC30-90-35 et seq.) of this subpart. The percentage associated with the per diem described in Article 2 shall be 90% for services provided in SFY 2003, 80% for services in SFY 2004, 70% for services in SFY 2005, and so on until the percentage is 0% for services in SFY 2012. The percentage associated with the per diem described in Article 3 shall be equal to 100% minus the percentage associated with the per diem described in Article 2. In SFY 2012, the capital per diem shall be based entirely on the per diem described in Article 3.

Return on equity (ROE) for leased facilities shall be phased out along with the methodology described in Article 2 (12VAC30-90-30 et seq.) of this subpart. Leased facilities shall be eligible for ROE after July 1, 2001, only if they were receiving ROE on June 30, 2000.

D. Effective July 1, 2001, newly constructed facilities and new and replacement beds of previously enrolled facilities completed after July 1, 2000, shall be paid entirely under the methodology described in Article 3 (12VAC30-90-35 et seq.) of this subpart without application of the transition policy. However, facilities and beds with COPN applications submitted as of June 30, 2000, shall be subject to the transition policy. Facilities changing ownership after June 30, 2000, shall be paid the per diem rate described in Article 3 if <u>it has been owned by the selling owner for a period of three years prior to the sale and</u>

during that period the facility being sold ~~is~~ has not been part of a chain organization, ~~or if it is part of a chain organization~~ consisting of ~~no~~ more than two health care facilities. For purposes of this provision, the number of facilities in a chain shall be determined by counting nursing facilities, hospitals, and any other health care facilities that are licensed to admit patients or residents, whether or not they participate in the Medicaid program. Facilities in Virginia and in other states shall be counted in determining the number of facilities in a chain. Facilities shall be considered to form a chain if there is common ownership of the physical assets, or a common operator, or both.

E. Emergency regulations effective July 1, 2000, provided for a facility specific fixed capital per diem applicable to services in SFY 2001 that is not to be adjusted at settlement. After SFY 2001, the per diem that would have been applicable to SFY 2001 under the methodology in Article 2 (12VAC30-90-30 et seq.) of this subpart shall be calculated. If there are two provider fiscal years that overlap SFY 2001, this per diem shall be a combination of the two applicable per diem amounts. If the per diem provided in the emergency regulations is lower than the per diem based on Article 2, the difference, multiplied by the days in SFY 2001, shall be paid to the facility. If the per diem provided in the emergency regulations is higher, the difference, multiplied by the days, shall be collected from the facility in the settlement of the provider year settled after the difference is calculated.

CERTIFIED:

Date

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