



Information Memorandum

Oregon Department of Human Services

Originating Cluster:

Seniors and People with Disabilities

Authorized by: Catherine Cooper, Deputy Assistant Director
Signature

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Subject: Long-Term Care Facility Assessment Q & A

Applies to (check all that apply):

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Message: The 2003 Oregon legislature enacted House Bill 2747 into law. House Bill 2747 charges assessment fees to some health care providers to help fund the cost of the Oregon Health Plan and nursing facility care for people who receive state assistance. This fact sheet discusses the nursing facility assessment fee. This document includes questions frequently asked about the tax by members of the public and by nursing facilities.

If you have any questions about this information, contact:

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Long-Term Care Facility Assessment Questions and Answers October 9, 2003

The 2003 Oregon Legislature enacted House Bill 2747 into law. House Bill 2747 charges assessment fees to some health care providers to help fund the cost of the Oregon Health Plan and nursing facility care for people who receive state assistance. This fact sheet discusses the nursing facility assessment fee. The fee was supported by both the Oregon Health Care Association and by the Oregon Association of Senior and Health Services, the nursing facility trade organizations. Oregon has 148 licensed nursing facilities, of which 136 care for people who receive state assistance.

This document includes questions frequently asked about the tax by members of the public and by nursing facilities.

1. What is the Long Term Care Facility Assessment?

The Long-Term Care Facility Assessment is a tax assessment that will be paid by almost every nursing facility in the state. The Long-Term Care Facility Assessment does not apply to assisted living facilities, residential care facilities, adult foster homes or group homes in the state of Oregon.

2. What will the tax be used for?

By law, most of the amount collected through the tax will be used to increase Medicaid payments for nursing facility care. The law also provides that \$12.5 million of tax revenue will be deposited into the State general fund to be used as the Legislature determines.

3. Which nursing facilities won't pay the tax?

The law that creates the tax (2003 House Bill 2747) exempts the Oregon's Veteran Facility in The Dalles from payment of the tax.

The law also directs the Oregon Department of Human Services (DHS) to ask the federal Centers for Medicare and Medicaid Services

(CMS) to exempt nursing facilities that are part of continuing care retirement communities from the tax.

The tax goes into effect whether or not the waiver is approved.

4. How much is the tax?

While the State waits for waiver approval, the tax will be \$8.25 per nursing facility patient day. If the waiver is approved, then the tax increases to about \$8.85 per

day for facilities that aren't exempt. (The state needs to run new numbers based on the cost reports for the period ending 6/30/03 and the "to be exempted" nursing facilities to come up with the actual tax rate.) In either case, the tax is expected to raise about \$56 million during the 2003 – 2005 biennium. The tax will also allow the state to claim about \$70 million additional dollars from the Federal government. That money will be used to increase the rate that the State pays nursing facilities.

5. Is the tax based on licensed beds or occupied beds?

The tax applies only to occupied beds.

6. Are Medicare days taxed?

All patient days are subject to the tax. This includes days that are paid for through Medicare, long-term care insurance and/or any other private payment source.

7. What is the effective date of the tax?

The tax will be effective retroactive to July 1, 2003.

8. When will nursing facilities have to make their first payment?

The first payment will be due on January 30, 2004.

9. When can nursing facilities expect to receive the new reimbursement rate payment?

DHS anticipates that rates will be increased effective January 1, 2004. Retroactive payment for the period between July 1, 2003 and December 31, 2004, will be made in early January 2004. Both the rate increase and the retroactive payment are contingent on CMS approval of a State Plan Amendment.

10. What will the new reimbursement rate per day be?

The new basic reimbursement rate will be \$136.88 per Medicaid resident day. The rate before the tax was \$111.35 per day.

11. If the tax rate is retroactive to July 2003, our audit firm has indicated that we need to begin to accrue both the cost and the revenue for each month. Does the state concur?

The State cannot provide audit advice.

12. If the tax is retroactive to July 2003 and nursing facilities will not receive their first bill until January 2004, can nursing facilities start taxing residents now so a large six to seven month lump sum is not billed to residents in December or January?

Nursing facilities can increase the rates that they charge their private pay residents at any time after the issuance of proper notice (Oregon Administrative Rule 411-085-0320(2)).

13. Will a nursing facility owe the tax if it closes its beds prior to the first billing?

The law becomes effective November 28, 2003. On the day that the law becomes effective, the retroactive assessment also becomes effective. If a facility closes some (but not all) of its beds before November 28, 2003, only the beds that were closed are exempt.

This document is a general summary of information known to DHS at this time and is provided solely for informational purposes. The answers to these questions may change as DHS obtains additional information. Implementation of any rate increase requires federal approval. If you want professional advice, please consult your legal or financial advisor.