

HB 2056 Overview -1 Amendments

Introduced at the request of Governor John Kitzhaber for the Department of Human Services

What it does -

1. HB 2056 reauthorizes the current Long Term Care Facility Assessment and extends it until July 1, 2020.
2. The revenue from the assessment is projected to generate approximately \$110 million in Other Funds revenue for the 2013-15 biennium. Along with associated Federal Funds the provider assessment is projected to generate \$295.4 million in Total Funds this biennium. This revenue is assumed in the Governor's Recommended Budget.
3. HB 2056 also eliminates all exemptions from the long term care facility assessments with the exception of the Oregon Veterans Home. This provision is projected to generate \$32.4 million in Total Funds (\$12.3 million in Other Funds/\$20.1 million Federal Funds). This revenue is assumed in the Governor's Recommended Budget. Currently there are 25 exempt facilities statewide, including the Oregon Veterans Home. Of these facilities, 18 have Medicaid contracts. 7 facilities choose not to accept Medicaid patients.
4. HB 2056 also reauthorizes the current Medicaid payment methodology for nursing facility services and establishes the funding levels for the 2013-15 biennium.

Other Key Issues -

5. HB 2056 provides a "safe harbor" exemption from anti-trust laws to allow DHS to convene local meetings of stakeholders designed to voluntarily develop strategies designed to make their local delivery system more efficient and cost effective. DHS has established a goal to reduce 1,500 excess licensed capacity nursing facility beds statewide as part of this process.
6. The legislation gives DHS the authority to develop criteria for "capacity reduction agreements" entered into voluntarily by providers in service areas with identified excess capacity. The legislation authorizes DHS to pay limited duration (four years) augmented rates as part of a capacity reduction agreement that meets state criteria. Only nursing facilities that meet quality standards will be eligible to participate in approved capacity reduction agreements. Facilities in rural or frontier areas identified as "essential long term care facilities" are not eligible to participate.

Capacity reduction initiatives are designed to make the Medicaid long term care delivery system more efficient and cost effective and promote long term cost savings. Current Certificate of Need laws would still permit new beds/licenses to be added in the future if bed need is demonstrated in a particular service area, although current utilization rates do not suggest such need to be likely for many years.

HB 2056-1 Section-by-Section Analysis

Introduced at the request of Governor John Kitzhaber, M.D.

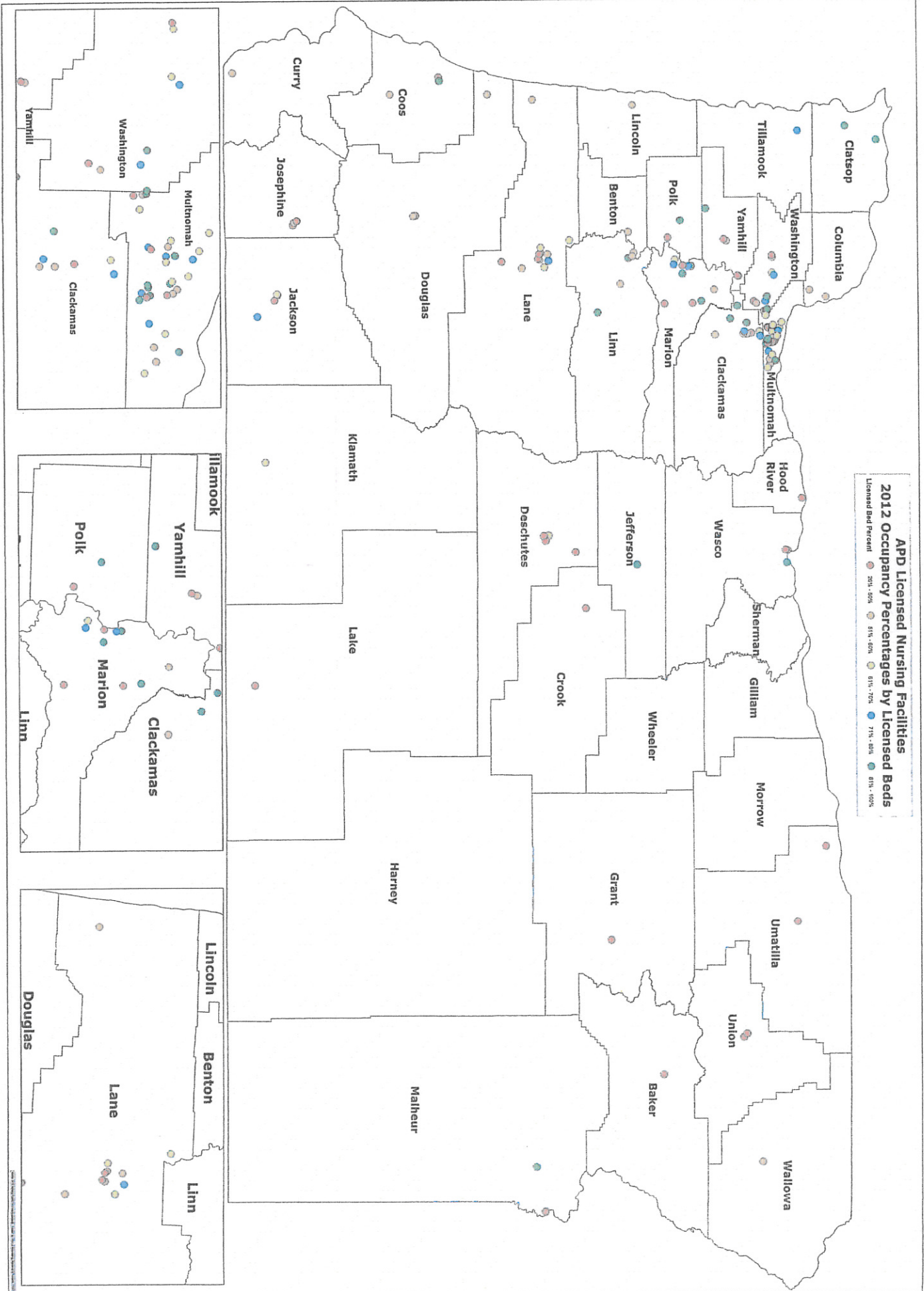
The **Bold** type after the section number outlines if the section deals with a budget, policy and revenue issue.

Bill Section	Description of Proposed New Law or Change from Current Law
Section 2 Policy	<ol style="list-style-type: none"> 1. Short narrative of Legislative findings on the purpose and objectives of empowering collaboration between DHS, service providers and community stakeholders to voluntarily develop strategies designed to make their local delivery system more efficient and cost effective. 2. Announces legislative goal of reducing statewide nursing facility bed capacity by 1,500 beds by 12/31/15. 3. Establishes a legal process by which providers may purchase and discontinue nursing facility services for the purpose of reducing statewide nursing facility bed capacity. 4. Provides exemption from antitrust laws under the state action doctrine for transactions outlined in this section conducted under the supervision of DHS. 5. Requires consultation with the Oregon Long Term Care Ombudsman for the purpose of assuring safe and dignified process for transitioning residents from closing facilities.
Section 3 Policy	<ol style="list-style-type: none"> 1. Exempts "Essential long term care facility" from capacity reduction initiative for the purpose of promoting the continued operations of rural and frontier nursing facilities. 2. Eliminates the ability of nursing facilities to increase their capacity by the lesser of 10 beds or ten percent of existing capacity within a two-year period.
Section 4 Policy	Requires the Oregon Health Authority to act on completed application for expedited certificate of need review within 120 days of receipt.
Section 5 Budget	Eliminates provider tax exemptions for all nursing facilities except for veterans' homes. Exemptions end 1/1/14.
Section 6 Revenue	Extends the nursing facility provider tax through 7/1/20.
Section 7 Budget	<ol style="list-style-type: none"> 1. Amends current law to rebase nursing facility Medicaid reimbursement annually. 2. Creates enhanced Medicaid rates for nursing facilities successfully completing a purchase which discontinues nursing facility bed capacity as outlined in section 2. Only purchases completed beginning 10/1/13 through 12/31/15 are eligible to qualify for enhanced rates. 3. Requires that only nursing facilities meeting quality standards are eligible for enhanced rates 4. Beginning 7/1/16, DHS will recalibrate nursing facility reimbursement at a cost percentile to a pro-rata level of the capacity reduction goal met at that date. If the goal is achieved then rates remain at the 63rd percentile of cost, if no capacity reduction is met, then rates are set at the 53rd percentile of cost.
Section 8 Revenue	Extends the provider tax collection period through 1/2/21.
Section 13 Policy	Sunset of capacity reduction laws on 6/30/20.
Section 14	Emergency clause.

APD Licensed Nursing Facilities
2012 Occupancy Percentages by Licensed Beds

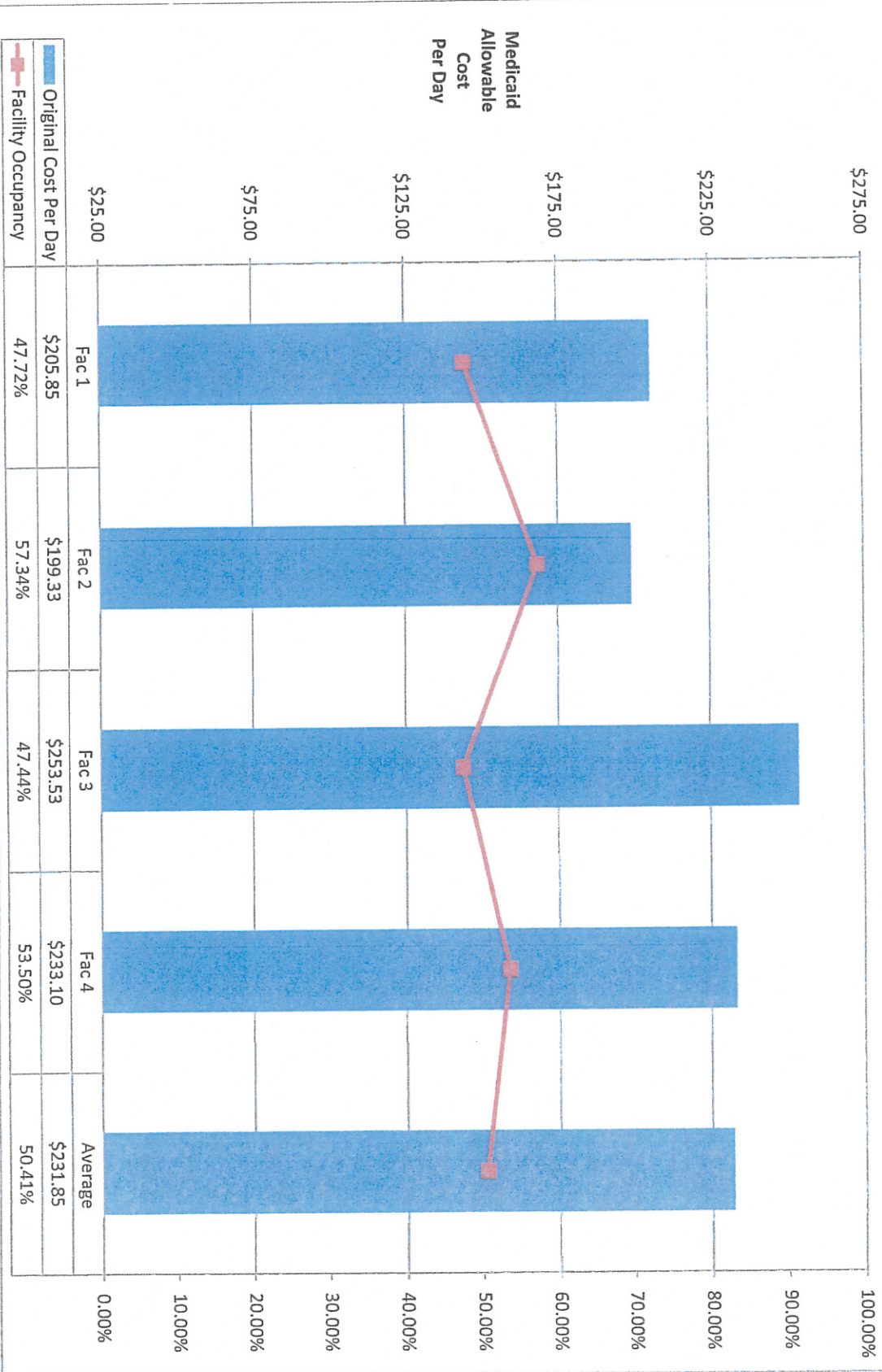
Licensed Bed Percent

- 20% - 50%
- 51% - 60%
- 61% - 70%
- 71% - 80%
- 81% - 100%

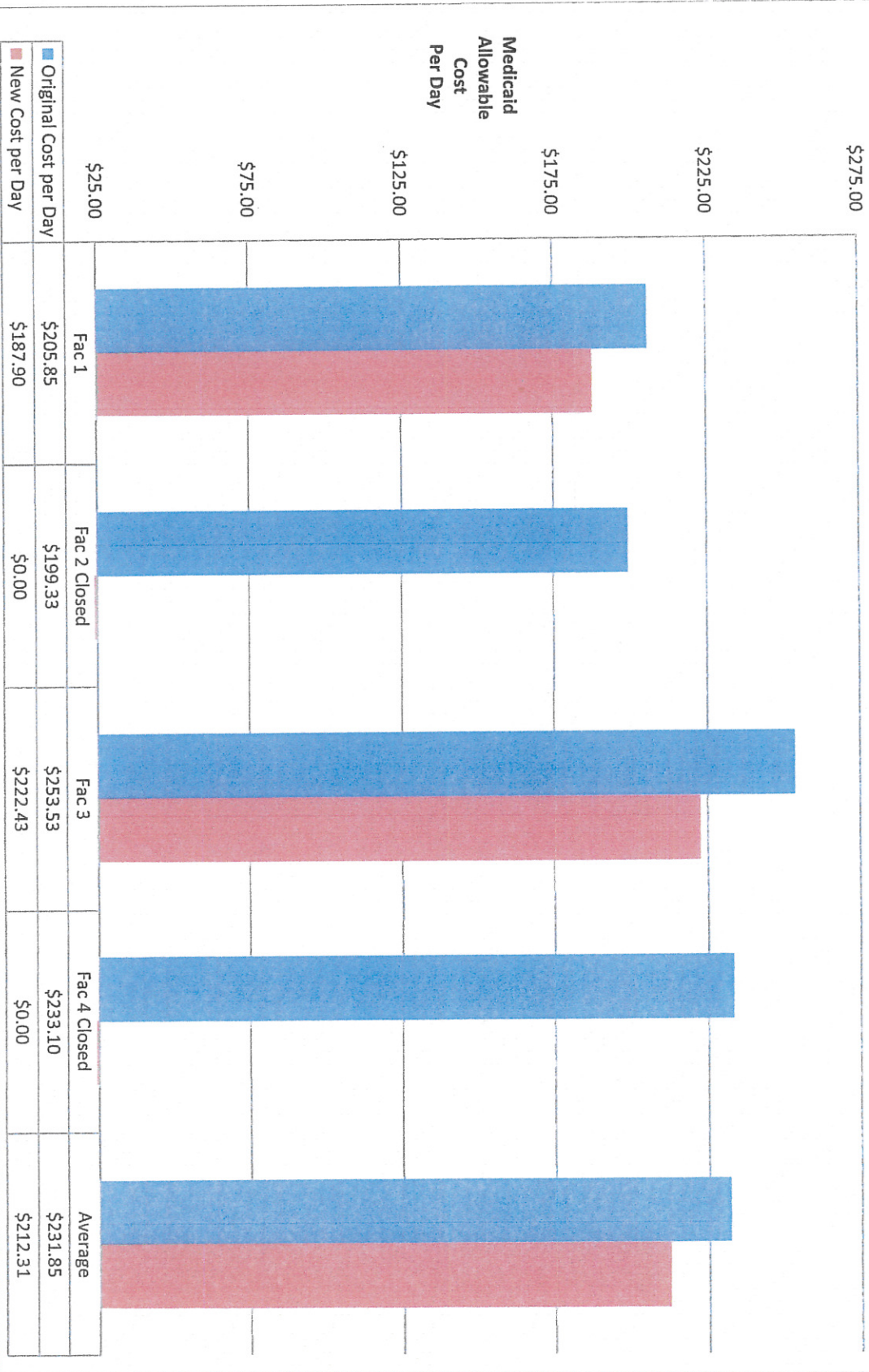


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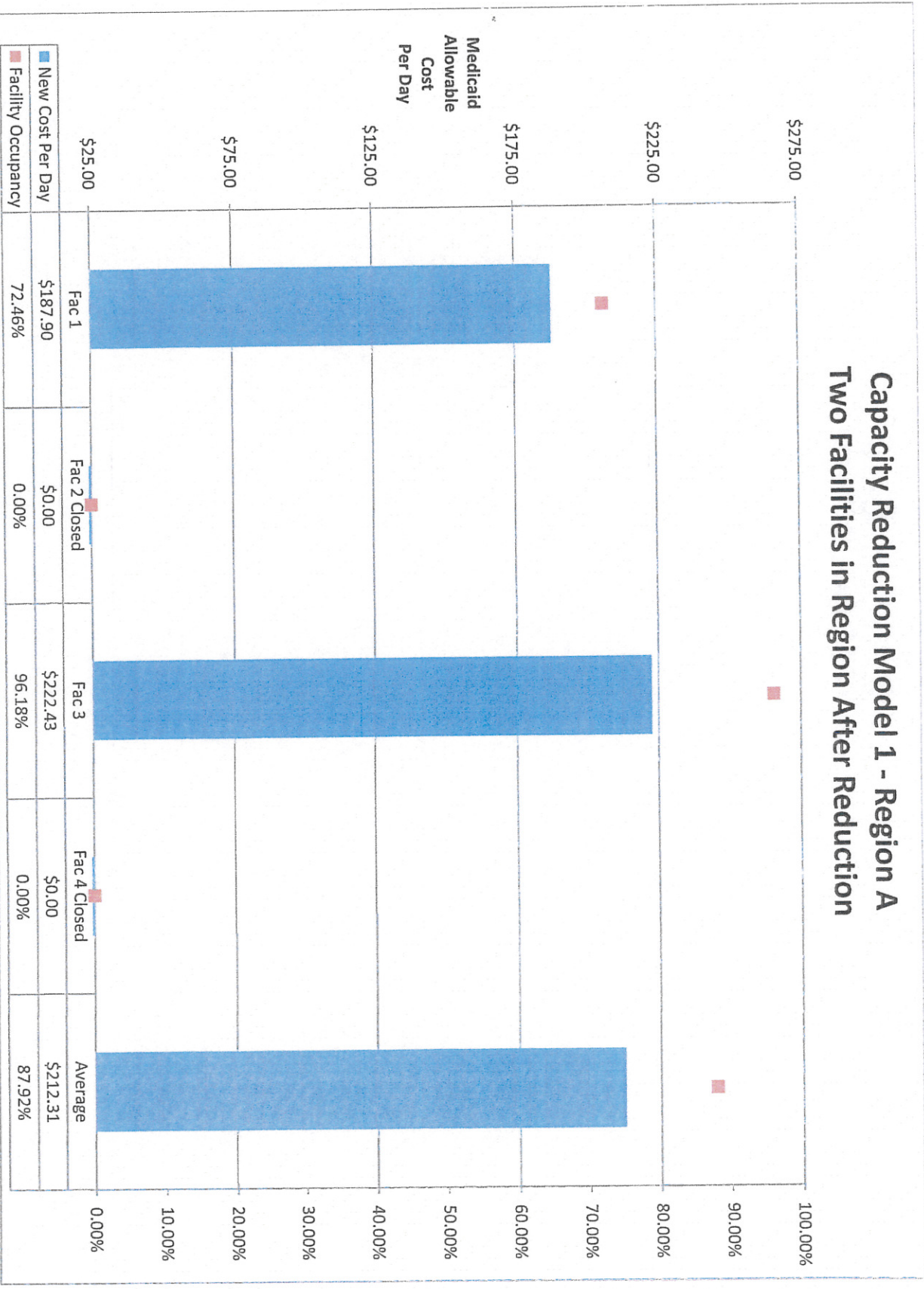
Capacity Reduction Model 1 - Region A Four Facilities in Region Prior to Reduction



Capacity Reduction Model 1 - Region A Four Facilities reduced to Two in Region



Capacity Reduction Model 1 - Region A Two Facilities in Region After Reduction



HB 2056 Timeline of Statutory Provisions

- 7/1/13 – Nursing facility provider tax reauthorized through 6/30/20.
- 7/1/13 – eliminates the ability of nursing facilities to increase capacity by the lesser of 10 beds or ten percent of existing capacity within a 2 year period.
- 7/1/13 – Rates rebased annually at the start of each fiscal year (July 1).
- 10/1/13 – Eligibility for 48 month augmented rates begin for qualified purchasers in “buy-and-close” transactions.
- 1/1/14 – Provider tax exemptions are eliminated, all licensed nursing facilities to pay “per patient day” assessment.
- 12/31/15 – Eligibility to qualify for augmented rates ends, last day to qualify for augmented rates for “buy-and-close” transactions.
- 7/1/16 – Nursing facility rebase percentile reimbursement reductions begin on a sliding scale, inversely proportional to the percentage of bed reduction goal met (more bed reduction met, less reduction in percentile level of reimbursement).
- 12/31/19 – Last day when any provider could receive an augmented rate.
- 6/30/20 – Entire bill sunsets.
- 1/2/21 – Provider tax collection period ends.