

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 #99-13

DATE: April 15, 1999

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. 99-13 -- Decertification and Recertification of Skilled Nursing Facilities (SNF) in Order to Increase Reimbursement under the SNF Prospective Payment System; Call Beverly Tucker, Section Manager, Professional Services, at (512) 438-2631.

If you have any questions, please direct inquiries to the individuals or sections listed above.

~Original Signature on File~

Marc Gold

Attachment

DEPARTMENT OF HEALTH & HUMAN SERVICES
Health Care Financing Administration

Region VI
1301 Young Street, Room 833
Dallas, Texas 75202

April 16, 1999

REGIONAL SURVEY AND CERTIFICATION LETTER NO: 99-13

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

Subject: Decertification and Recertification of Skilled Nursing Facilities (SNF) in Order to Increase Reimbursement under the SNF Prospective Payment System

The purpose of this memorandum is to bring your attention to an issue relating to the certification activities that have arisen with the implementation of the SNF prospective payment System (PPS).

Under the SNF PPS [during the three year transition period] providers that first received Medicare payments prior to October 1, 1995 will receive a payment rate comprised of a blend between the Federal PPS rate and a facility-specific rate based on each SNF's FY 95 cost report, the transition rate. However, any provider that first received Medicare payments after October 1, 1995 would be considered a new provider and would be paid based on the Federal PPS rate only. In addition, it is the Health Care Financing Administration's (HCFA) policy that any provider that received a new provider number on or after October 1, 1995 would be paid based on the Federal rate only.

The Center for Health Plans and Providers (CHPP) has received numerous phone calls on behalf of providers which have been in the Medicare program prior to October 1, 1995. These representatives are asking that their SNF receive the Federal rate which would result in higher payments than they would receive under the transition rate. CHPP has advised these representatives that in accordance with the Balanced Budget Act of 1997, the SNFs cannot choose to bypass the transition period. A new provider number can only be assigned in the following two circumstances:

1. When a provider chooses to voluntarily decertify its SNF its current provider number is retired. Consequently, should the institution choose to seek an initial certification survey at a later date, it will receive a new provider number. However, we have cautioned the representatives that there is a lag between decertification and the initial certification survey that could be as long as 6 months to 1 year. This is likely to occur due to our emphasis on recertifying and assessing the compliance of existing providers.
2. When a new owner refuses to accept assignment of the existing provider agreement as a result of a change of ownership, a date is set for decertification. Should the new owner seek to participate in the Medicare program, it must seek an initial certification survey and will also be subject to a lag time between decertification and the initial certification

survey that could be as long as 6 months to 1 year. This is likely to occur due to our emphasis on recertifying and assessing the compliance of existing providers.

CHPP and CMSO certainly discourage granting a new provider number to a provider that is trying to gain a higher payment amount from the Medicare program. Therefore, we are reminding you that our emphasis is to be focused on recertification and assessing the compliance of existing providers.

Please notify all SNFs and NFs in your state of the policies in this memorandum. If you have any questions concerning this letter, please contact Wanda Eskue at (214) 767-4428. Thank you for your time and attention to this matter.

Sincerely,

{Signature on File}

Calvin Cline, Chief
Survey and Certification Operations Branch