

# Bed Buy-Back Procedures

## Required Documentation

*Note: All of the following documentation is required by rule and is in addition to any “normal” documentation already required by Health Standards or other divisions related to change of ownerships and admissions and discharges. The following documentation is only submitted to DHH, Rate and Audit for the bed buy back calculation.*

1. Qualified buyer(s) must submit the following documentation to Department of Health and Hospital, Rate and Audit Review in writing, 30 days after the legal transfer of ownership:
  - a list of all buyers
  - a list of all sellers
  - the date of legal transfer of ownership
  - each buyer’s percentage share of the purchased facility
  - each buyer’s current nursing facility resident listing and total occupancy calculations as of the date of the legal transfer of ownership.
  
2. Qualified buyer(s) must submit all of the following documentation to Department of Health and Hospital, Rate and Audit Review in writing, 110 days after the legal transfer of ownership:
  - a list of the nursing facility residents that transferred from the seller facility and were residents of the buyer facility as of 90 days after the legal transfer or ownership date. The nursing facility resident list must include the payer source for each resident
  - the date the seller’s facility was officially closed and no longer operating as a nursing facility.

## Procedures for Calculating

1. The total annual Medicaid incentive payment (base amount) for each transaction will be calculated per the table listed in the rule.
  - The payment amount from the table that corresponds to the cumulative occupancy increase (including both Medicaid and non-Medicaid residents) for all buyers and the number of beds surrendered will be multiplied by each buyer’s percentage share in the transaction. The result will be each buyer’s annual Medicaid incentive payment for five years.
  - The base capital amount will be trended forward annually (July 1) to the midpoint of the rate year using the change in the per diem unit cost listed in the three-fourths column of the R.S. Means Building Construction Data Publication, adjusted by the weighted average total city cost index for New Orleans per the rule.

2. Buyer's fair rental value, property tax, and property insurance per diems will be re-based retroactive to the 1<sup>st</sup> of the month following the date of closure of the purchased facility.
  - The number of total resident days used in the calculation of each buyer's current fair rental value per diem will be increased by the number of residents the buyer acquired multiplied by the number of current rate year days.
3. The per diem will be calculated as the buyer's annual Medicaid incentive divided by annual Medicaid days.
  - Annual Medicaid days will be equal to Medicaid residents transferred from the seller facility multiplied by 365 days, plus the buyer's Medicaid days from the most recent base year cost report (annualized in the case of a short base year cost report).