

Introduced: 5/13/76
Referred: Made A Special
Order of Business

1 IN THE SENATE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2 SENATE RESOLUTION NO. 6

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 Relating to proposed federal regulations
6 regarding the Medicaid program.

7 BE IT RESOLVED BY THE SENATE:

8 WHEREAS the Acting Administrator, Social and Rehabilitation Service,
9 U. S. Department of Health, Education, and Welfare, has given notice in the
10 Federal Register of proposed amendments to the regulations governing the
11 Medicaid program (45 CFR Part 250); and

12 WHEREAS skilled nursing and intermediate care facilities receive reim-
13 bursement for costs incurred as a result of depreciation of capital assets
14 under the Medicaid program; and

15 WHEREAS the proposed regulations would require the state to limit the
16 extent to which the assets of a skilled nursing facility or intermediate
17 care facility may be revaluated upward for depreciation purposes after a
18 sale or transfer of those assets; and

19 WHEREAS the proposal requiring the state to impose an upper limit on
20 revaluation of assets would result in unfair cost reimbursement because the
21 state could not devise an upward limit on the revaluation of an asset which
22 would adequately reflect the steep and erratic rate of inflation in the
23 value of capital assets of skilled nursing and intermediate care facilities;
24 and

25 WHEREAS, in addition the proposed regulations would require the state to
26 recapture from the seller of a skilled nursing home or intermediate care
27 facility that amount by which the reimbursement for depreciation costs already
28 paid to the seller and the sale price of the asset exceeds the original cost
29 of the asset to the seller; and

1 WHEREAS the capital assets of skilled nursing and intermediate care
2 facilities depreciate in value over time as a result of use and age and often
3 are sold at a gain or for a price which does not reflect the effects of use
4 and age because of the effects of inflation; and

5 WHEREAS a proposal requiring the state to recapture reimbursement as a
6 means of recovering reimbursement for depreciation costs which did not
7 materialize is unfair to the sellers or transferors of skilled nursing and
8 intermediate care facilities because such recapture would deprive them of the
9 use of reimbursement money to meet the added cost of replacing the asset at
10 inflated prices; and

11 WHEREAS, in addition the proposed regulations would require that the
12 state establish maximum amounts which may be paid in reimbursement for various
13 costs, to be determined on what is found adequate to allow compliance with
14 certification standards; and

15 WHEREAS determining reimbursement levels by what is found necessary to
16 meet certification standards would insure that care provided in skilled
17 nursing and intermediate care facilities would never surpass the bare minimum,
18 and preclude innovation and experimentation; and

19 WHEREAS, in addition the proposed regulations would preclude reimburse-
20 ment rates from reflecting the bad debts of nonprogram patients or charity
21 care and courtesy allowances; and

22 WHEREAS this regulation, if implemented, would have the effect of pre-
23 venting skilled nursing and intermediate care facilities from offering care
24 to nonprogram patients, charity cases, or as a courtesy;

25 BE IT RESOLVED that the Alaska State Senate respectfully requests
26 the Secretary of Health, Education, and Welfare, through the Acting Adminis-
27 trator, Social and Rehabilitation Service, not to adopt the proposed regula-
28 tions which would require the state to (1) set upper limits for the revalua-
29 tion of assets transferred or sold, (2) recapture reimbursement for deprecia-

1 tion upon transfer or sale of an asset, (3) establish upper limits for cer-
2 tain costs based upon minimum standards, and (4) exclude from reimbursement
3 those costs incurred by bad debts of nonprogram recipients, charity cases,
4 and courtesy allowances.

5 COPIES of this resolution shall be sent to the Honorable F. David
6 Matthews, Secretary, Department of Health, Education, and Welfare; the Acting
7 Administrator, Social and Rehabilitation Service, U. S. Department of Health,
8 Education, and Welfare; and to the Honorable Ted Stevens and the Honorable
9 Mike Gravel, U. S. Senators, and the Honorable Don Young, U. S. Representa-
10 tive, members of the Alaska delegation in Congress.

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