



Alaska State Legislature

1976

Source:

SR 6

SENATE RESOLUTION NO. 6

Relating to proposed federal regulations regarding the Medicaid program.

BE IT RESOLVED BY THE SENATE:

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

WHEREAS skilled nursing and intermediate care facilities receive reimbursement for costs incurred as a result of depreciation of capital assets under the Medicaid program; and

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

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

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

the seller; and

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

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

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

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

WHEREAS, in addition the proposed regulations would preclude reimbursement rates from reflecting the bad debts of nonprogram patients or charity care and courtesy allowances; and

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

BE IT RESOLVED that the Alaska State Senate respectfully requests the Secretary of Health, Education, and Welfare, through the Acting Administrator, Social and Rehabilitation Service, not to adopt the proposed regulations which would require the state to (1) set upper limits for the revaluation of assets transferred or sold, (2) recapture reimbursement for depreciation upon transfer or sale of an asset, (3) establish upper limits for certain costs based upon minimum standards, and (4) exclude from reimbursement those costs incurred by bad debts of nonprogram recipients, charity cases, and courtesy allowances.

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