



**Division of Medical Services  
Provider Reimbursement**

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**MEMORANDUM**

**TO:** (X) Nursing Facilities; (X) ICFs/MR 16 Bed & Over; (X) HDCs; (X) ICFs/MR Under 16 Beds; ( ) RCFs; (X) Interested Parties; ( ) Hospitals & Discharge Planners; (X) DHS County Offices

**FROM:** *RS* Roy Jeffus, Director, Division of Medical Services

**DATE:** October 15, 2009

**SUBJ:** Home Style Facilities

Please refer to the enclosed final rule. The methodology for Nursing Facilities has been amended to provide an enhanced payment for facilities certified as Home Style by the Office of Long Term Care. This final rule is effective for dates of service beginning August 1, 2009.

Please insert the enclosed pages 2-2k and 2-2l in the Medical Assistance Program Manual of Cost Reimbursement Rules For Long Term Care Facilities (Cost Manual).

If you need this material in an alternative format such as large print, please contact our Americans with Disabilities Act Coordinator at (501) 682-8307 (voice), 682-6789 (TDD), or 1-877-708-8191.

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## 9. Home Style Facilities

### A. Fair Market Rental Payment

Facility beds certified by the Office of Long Term Care as Home Style will receive an enhanced Medicaid payment. The Department recognizes that the cost of constructing and equipping one nursing facility bed certified as a Home Style Facility bed is greater than the current Per Bed Valuation (PBV) as defined in this Cost Manual at Section 2-4 A. 1. C. The fair market rental component of the per diem rate paid for Home Style certified beds will be calculated using a Home Style adjusted PBV reflecting the increased cost. The PBV for Home Style facility beds will be identified as PBV-HS and will be established at \$65,000 for the cost reporting period ending June 30, 2010. It has been determined that the cost of constructing and equipping a Home Style Facility bed is at least \$65,000. Minimum occupancy rules for calculating the facility fair market rental payment will be calculated and applied separately for beds certified as Home Style. All other policy described in this Cost Manual regarding the calculation of a facility's fair market rental payment is applicable to Home Style Facility beds.

Any and all costs associated with renovating or constructing beds for initial certification as Home Style shall not be considered a renovation as detailed in section 2-4, A. 1. C. 5. of this Cost Manual. Thereafter, Home Style beds are eligible for renovation adjustment as detailed in the Cost Manual.

A nursing facility participating in this program may certify less than 100% of its beds as Home Style Facility beds. A facility may have a combination of traditional style nursing facility beds and also Home Style Facility beds within a single licensed facility.

### B. Cost Reporting

A facility or any part thereof, certified by the Office of Long Term Care as Home Style shall prepare and submit a Financial and Statistical Report/Cost Report. The cost report for Home Style beds will be identified as such by including the words Home Style at the end of the facility name where ever used. The cost report must be prepared in accordance with all of the reimbursement rules and reporting requirements detailed in this "Manual of Cost Reimbursement Rules." Combination facilities will be required to complete a separate cost report for both the traditional beds and beds certified as Home Style Facility beds. Whenever possible, costs that can be directly identified to either the traditional or Home Style beds must be included on the appropriate cost report. The department recognizes that certain costs can not be directly identified and benefit both reporting entities. These shared costs

must be allocated between each of the benefiting entities. Any shared cost included in the calculation of the facility's fair market rental payment must be allocated based on the Current Asset Value (CAV). All other shared cost must be allocated based on resident days. The cost report for the Home Style portion of a combination facility will include forms 1, 2, 3, 4, 6, 7, 8, 9, 10, and 16. The cost report for the traditional beds in a combination facility must include all forms. The cost report for traditional beds in a combination facility will include aggregate information (includes both traditional and Home Style) on forms 5, 11, 12, 13, 14, and 15. These forms relate to the overall operation of the facility and cannot be allocated between traditional and Home Style.

The Cost Report for Home Style Beds will be used for the purpose of establishing a per diem rate for the facility's Home Style beds.

Full year cost reports for facilities certified entirely as Home Style Facilities will be included when calculating the direct care ceiling and the median for the indirect, administrative and operating component of the rate during the overall rate setting process. Full year cost reports for combination facilities will be combined into an aggregate per diem cost for both direct care and indirect, administrative and operating, and will be included in the overall rate setting process as well.

#### C. Staffing

Certified Nurse Assistant's (CNA) utilized in staffing Home Style beds are designated as universal workers within the Home Style concept. The universal worker performs CNA duties, and performs dietary, laundry, housekeeping and other services to meet the needs of residents. CNA duties are considered primary to other duties performed by the CNA, therefore the cost of salaries and fringe benefits for CNA's are considered direct care costs and are appropriately reported in Section 1 of Form 6 on the facility cost report.

#### D. Rate Setting

Facility beds newly certified as Home Style beds are eligible for a provisional rate.

With the exceptions detailed above, the per diem rate for beds certified as Home Style beds will be established in the same manner as traditional beds.