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# Medicare

## Provider Reimbursement Manual - Part 1

Department of Health and  
Human Services (DHHS)  
HEALTH CARE FINANCING  
ADMINISTRATION (HCFA)

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Transmittal 418

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### HEADER SECTION NUMBERS

### PAGES TO INSERT

### PAGES TO DELETE

2337 – 2337.1

23-13.4 – 23-13.5 (2 pp.)

23-13.4 – 23-13.5 (2 pp.)

### **CORRECTION--EFFECTIVE DATE: *Not Applicable***

Section 2337.1, Requirements for Distinct Part Certification, is corrected. In transmittal 414, published May 2000 we inadvertently removed a sentence from the existing definition of a distinct part. The purpose of this transmittal is to re-insert that sentence and to ensure consistency with the State Operations Manual.

**DISCLAIMER:** The revision date and transmittal number only apply to the redlined material. All other material was previously published in the manual and is only being reprinted.

2337. EFFECTIVE DATE OF CHANGE IN BED SIZE AND/OR BED DESIGNATION(S) OF PARTICIPATING SKILLED NURSING FACILITY AND/OR NURSING FACILITY

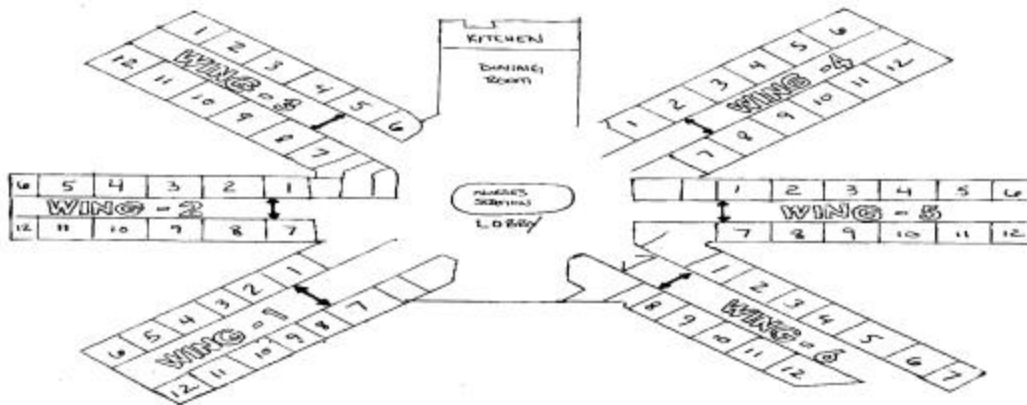
Under §1866 of the Social Security Act (the Act), the Secretary has the authority to enter into an agreement with an institution or an institutional complex to provide covered services to our beneficiaries. The provider agreement requires compliance with the requirements the Secretary deems necessary for participation in the Medicare or Medicaid program. See §1866(b)(2) and §1902 (a)(27) of the Act. On the effective date of the provider agreement, the institution or institutional complex is deemed to have met the requirements for participation based upon a survey of the institution or institutional complex as it was configured (i.e., bed size/bed location configuration) on the date(s) of the survey. HCFA's authority to regulate bed size changes in a SNF or a NF is based on the authority to ensure compliance with the provider agreement under §1866 of the Act and to further ensure that the configuration that has been approved for the institution or institutional complex does not so drastically change from that of the original certified configuration so as to endanger resident health and safety or otherwise change in a material fashion the identity of the entity that HCFA originally certified for program participation.

An institution or institutional complex may choose to participate in the Medicare and/or Medicaid programs either in its entirety, or a portion thereof, but not both. If only a portion of an institution or institutional complex actually participates in either program it is classified as a distinct part and must meet the criteria found in §2337.1. For example, an institution has 4 wings that consist of 25 beds each. Three contiguous wings that contain 75 beds are dually participating (i.e., participating in Medicare and Medicaid). The fourth wing is only certified to participate in Medicare. It consists of 25 beds. Therefore, in this instance the institution is fully participating for purposes of Medicare (i.e., 100 beds) and is participating as a distinct part (i.e., 75 beds) for purposes of Medicaid. The policies on bed size changes and changes in designated bed locations that are included in this section apply, regardless of whether an institution is fully participating (i.e., all beds within the institution or institutional complex are certified to participate in the Medicare and/or Medicaid program) or participating as or with a distinct part.

A SNF may be:

- o An entire institution for skilled nursing or rehabilitative care, such as a nursing home; or
- o A distinct part of an institution such as, a hospital, personal care home, assisted living facility, board and care home, domiciliary care facility, rest home, continuing care retirement community or nursing home.

An institution that is primarily for the care and treatment of mental diseases cannot be a SNF.



**EXHIBIT I**  
**FLOOR PLAN OF A NURSING FACILITY**

2337.1 **Requirements for Distinct Part Certification.**--If the institution or institutional complex is participating as a distinct part SNF and/or NF, for a change to be approved the requested change in bed size must conform with the requirements to be classified as a distinct part. The term "distinct part" refers to a portion of an institution or institutional complex (e.g., a nursing home or a hospital) that is certified to provide SNF and/or NF services. A distinct part must be physically distinguishable from the larger institution and fiscally separate for cost reporting purposes. An institution or institutional complex can only be certified with one distinct part SNF and/or one distinct part NF. A hospital-based SNF is by definition a distinct part. Multiple certifications within the same institution or institutional complex are strictly prohibited. The distinct part must consist of all beds within the designated area. **The distinct part can be a wing, separate building, a floor, a hallway, or one side of a corridor.** The beds in the certified distinct part area must be physically separate from (that is, not commingled with) the beds of the institution or institutional complex in which it is located. However, the distinct part need not be confined to a single location within the institution or institutional complex's physical plant. It may, for example, consist of several floors or wards in a single building or floors or wards which are located throughout several different buildings within the institutional complex. In each case, however, all residents of the distinct part would have to be located in units that are physically separate from those units housing other patients of the institution or institutional complex. Where an institution or institutional complex owns and operates a SNF and/or a NF distinct part, that SNF and/or NF distinct part is a single distinct part even if it is operated at various locations throughout the institution or institutional complex. The aggregate of the SNF and/or NF locations represents a single distinct part subprovider, not multiple subproviders, and must be assigned a single provider number. Exhibit I, above, is an illustration of a floor plan of a nursing facility followed below by examples which meet the requirements for a distinct part, as well as examples that do not meet the requirements for a distinct part.