

## Economic Impact Statement

LSA Document #09-215

**IC 4-22-2.1-5 Statement Concerning Rules Affecting Small Businesses**

This memo is submitted in accordance with [IC 4-22-2.1](#). This rule amends [405 IAC 1-14.6](#) to change the reimbursement methodology for nursing facilities and applicable definitions.

The following table provides a summary of the changes contained in this rule amendment:

- Lowers the threshold to qualify as a children's nursing facility
- Modifies cost report documentation requirements
- Increases minimum occupancy requirements for nursing facilities with more than 50 beds
- Decreases payment levels for certain "low-needs" Medicaid residents
- Increases payment levels for nursing facilities that provide ventilator services
- Increases nursing home report card score add-on payment levels and qualifying criteria
- Modifies criteria to qualify for profit add-on payments to be based on a facility's nursing home report card score
- Increases payment levels for nursing facilities that provide special care unit services
- Modifies payment methodology for administrative rate component to be based on statewide median
- Extends sunset dates for quality assessment fee-funded rate enhancements and the closure conversion fund
- Exempts the direct care component from maximum allowable increase (MAI)
- Authorizes OMPP to collect quality assessment fee from non-Medicaid certified nursing facilities

**Impact on Small Business**

This rule will not impose any additional reporting, record keeping, or other administrative costs or requirements on small businesses, as defined in [IC 4-22-2.1-4](#). Many of the nursing facilities impacted by this rule are owned and operated by large provider chains with multiple homes under their operations.

The following section provides responses to the following questions outlined in [IC 4-22-2.1-5](#):

**1. An estimate of the number of small businesses, classified by industry section, that will be subject to the proposed rule.**

[IC 4-22-2.1-4](#) defines a small business as any person, firm, corporation, limited liability company, partnership, or association that:

- (1) is actively engaged in business in Indiana and maintains its principal place of business in Indiana;
- (2) is independently owned and operated;
- (3) employs one hundred (100) or fewer full-time employees; and
- (4) has gross annual receipts of five million dollars (\$5,000,000) or less.

The OMPP estimates that 54 nursing facilities out of a total of 469 nursing facilities that are Medicaid certified and meet the criteria of [IC 4-22-2.1-4](#) as a small business.

**2. An estimate of the average annual reporting, record keeping, and other administrative costs that small business will incur to comply with the proposed rule.**

The OMPP estimates that small businesses will incur no additional costs to comply with this proposed rule amendment.

**3. An estimate of the total annual economic impact that compliance will have on small businesses subject to the rule.**

Since no small business will incur any additional cost to comply with this rule amendment, there is no annual economic impact due to compliance on small businesses.

**4. A statement justifying any requirement or cost that is imposed by the rule and not expressly required by law. The statement must reference any data, studies, or analyses relied upon by the agency in determining imposition of the requirement or cost is necessary.**

The rule amendment imposes no additional cost or requirements on small businesses.

**5. Any regulatory flexibility analysis that considers any less intrusive or less costly alternative methods of achieving the same purpose.**

Other factors considered:

**A. Establishment of less stringent compliance or reporting requirements for small businesses.**

The rule amendment has no impact on reporting requirements for small businesses.

**B. Establishment of less stringent schedules or deadlines for compliance or reporting requirements for small businesses.**

The rule amendment has no impact on schedules or deadlines for compliance or reporting for small businesses.

**C. Consolidation or simplification of compliance or reporting requirements for small businesses.**

The rule amendment has no impact on compliance or reporting requirements for small businesses.

**D. Establishment of performance standards for small businesses instead of design or operational standards imposed on other regulated entities by the rule.**

The rule amendment has no impact on performance standards for small businesses.

**E. Exemption of small businesses from part or all of the requirements or costs imposed by the rule.**

The rule amendment imposes no additional cost or requirements on small businesses.

If there are any programmatic or fiscal questions, please contact Faith Laird at (317) 232-0604 or at [faith.laird@fssa.in.gov](mailto:faith.laird@fssa.in.gov). Questions regarding any other aspect of the proposed changes should be addressed to Joy Heim at (317) 232-1139 or at [joy.heim@fssa.in.gov](mailto:joy.heim@fssa.in.gov).

Please contact Joy Heim at (317) 232-1139 or e-mail her at [joy.heim@fssa.in.gov](mailto:joy.heim@fssa.in.gov) regarding IEDC's comments about this rule amendment. The public hearing will be scheduled after receiving authorization from Legislative Services Agency to do so. Ms. Heim will then contact you to provide the date of the hearing for your convenience.

*Posted: 05/27/2009 by Legislative Services Agency*  
An [html](#) version of this document.