



Property Tax Assessment of Nursing Homes and Assisted Living

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Overview

- Nursing Home = Assisted Living?
- Indiana Code and Indiana Administrative Code requirements
- Medicare and Medicaid
- Exemptions
- Discussion



Nursing Home = Assisted Living?



Nursing Homes and Assisted Living

- The following slides (5 – 12) were created using the source listed:

<https://www.payingforseniorcare.com/assisted-living-vs-nursing-homes.html>



Nursing Homes and Assisted Living

Nursing Home = Assisted Living?

- Although there may be similarities, assisted living facilities do not offer the same comprehensive services that a nursing home provides.
- Assisted living facilities could also be called “Adult Foster Care” or “Senior Living Communities.”
- Whereas, nursing homes are also known as “Skilled Nursing Facilities.”



Nursing Homes and Assisted Living

Assisted Living – Care & Non-Care

- Assistance with daily activities.
- Medication distribution and management (if properly certified).
- Community based recreation.
- Transportation for recreation or daily tasks.
- Provides meal service and maintenance for living quarters.
- Supervision for tenants.



Nursing Homes and Assisted Living

Nursing Home – Care & Non-Care

- Assistance with daily activities.
- Medication distribution and management.
- Provides nursing care for all patients.
- Minor or limited medical procedures.
- Limited recreation.
- Provides meal service and maintenance for living quarters.
- Comprehensive supervision for all patients.



Nursing Homes and Assisted Living

Assisted Living – Living Space

- Condominiums, apartments, townhouses, or other shared wall improvements.
- Can be private, shared, or cohabitation.
- Kitchenettes or full size kitchens are common.
- Large amounts of common areas for residents.



Nursing Homes and Assisted Living

Nursing Home – Living Space

- Private or shared rooms.
- Some common areas, however they are limited.



Nursing Homes and Assisted Living

Assisted Living – Kind of Resident

- Resident can walk (with some assistance).
- Able to understand directions and can converse coherently.
- Willing to receive assistance.
- Require some personal care for themselves and are somewhat capable of normal daily activities.
- Early stage Alzheimer's patients.



Nursing Homes and Assisted Living

Nursing Home – Kind of Patient

- Mobility is virtually non-existent and help is required for all transportation.
- Patients require daily medical care from nurses.
- Cognitive functions are minimal as are communication skills.
- Are resistant to assistance and are not easily supervised.
- Require near around-the-clock personal care.



Nursing Homes and Assisted Living

Cost of Membership or Residency

- Nursing Home – Upwards of \$60,000 a year.
- Assisted Living – Between \$30,000 and \$40,000 a year.



Nursing Homes and Assisted Living

- Question: What is needed to open a nursing home or assisted living facility through the State?
- Answer: The Indiana Code specifies that in order to operate a health facility, the facility must gain a license through the Division of Long Term Care Director at the Indiana State Department of Health. (IC 16-28-2-1)



Nursing Homes and Assisted Living

Licensing

- Requirements for licensing found in IC 16-28-2-3 and expanded upon in 410 IAC 16.2-3.1-2 which both will be discussed in the proceeding slides.



Nursing Homes and Assisted Living

IC 16-28-2-3

Requirements for licensure; tax warrant list

Sec. 3. (a) Before the director may issue a license to a health facility, the director must find that the health facility, within the care category for which license is sought, is adequate in each of the following respects:

- (1) The physical structure in which the service is to be performed.
- (2) The educational level, number, and personal health of the staff.
- (3) The financial ability to provide the service to be performed.
- (4) The equipment with which to perform the service.
- (5) The operating history of other health facilities owned or managed by the same person who owns or manages the facility. The director may recommend denial of licensure to a new facility or facility applying for licensure under new ownership where the owner or manager has a record of operation of other health facilities in substantial breach of this chapter or any other law governing health facilities.



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Continued:

- (b) If the department of state revenue notifies the department that a person is on the most recent tax warrant list, the department shall not issue or renew the person's license until:
- (1) the person provides to the department a statement from the department of state revenue indicating that the person's tax
 - (2) warrant has been satisfied; or
- the department receives a notice from the commissioner of the department of state revenue under IC 6-8.1-8-2(k).

As added by P.L.2-1993, SEC.11. Amended by P.L.172-2011, SEC.118.



Nursing Homes and Assisted Living

IC 16-28-2-4

Issuance of licenses; types; denial, revocation, and refusal to renew licenses

Sec. 4. The director may under IC 4-21.5-3-5 do one (1) of the following:

- (1) Issue a full license for not more than one (1) year, on finding that the applicant complies with the provisions of this article and rules adopted under this article.
- (2) Issue a provisional license to a new facility or to a facility under new ownership for not more than twelve (12) consecutive months if the applicant can assure the director that the applicant will comply with this article and rules adopted under this article. A provisional license may not be continued beyond twelve (12) consecutive months.
- (3) Issue a probationary license to an existing facility as described in IC 16-28-3.
- (4) Deny, revoke, or refuse to renew the issuance of a license.

As added by P.L.2-1993, SEC.11.



Nursing Homes and Assisted Living

IC 16-28-2-5

Exclusive use of licenses

- Sec. 5. A license issued under this chapter is not assignable or transferable and may be issued only for the person and premises named in the application.
- As added by P.L.2-1993, SEC.11



Nursing Homes and Assisted Living

IC 16-28-2-6

Disclosure statements; affiliations; advertising

Sec. 6. (a) This section does not apply to a health facility that:

- (1) does not require the investment of money or the payment of money or other consideration for admission; and
- (2) only charges daily or monthly rates for room, board, and care.

(b) A health facility may be licensed or relicensed under this chapter only if a disclosure statement is filed with the director at the time of application on forms provided by the director that contains the following information:

- (1) Whether the health facility is affiliated with a religious, charitable, or other nonprofit organization.
- (2) The nature and extent of the affiliation, if any, including the extent to which the affiliated organization is responsible for the financial and contractual obligations of the health facility.



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Continued:

- (c) The health facility shall deliver a copy of the current disclosure statement on file with the director as provided by subsection (b) to each prospective resident.
- (d) If a health facility is affiliated with a religious, charitable, or other nonprofit organization, the health facility must include in the health facility's advertisements and solicitations a summary statement disclosing the following:
 - (1) The affiliation between the health facility and the religious, charitable, or other nonprofit organization.
 - (2) The extent to which the affiliated organization is responsible for the financial and contractual obligations of the health facility.



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Continued:

- (e) If a health facility is not affiliated with a religious, charitable, or other nonprofit organization but the name of the health facility or the person operating the health facility implies an affiliation, the health facility must include in all the health facility's advertisements and solicitations a summary statement disclosing the following:
 - (1) That the health facility is not affiliated with a religious, charitable, or other nonprofit organization.
 - (2) That no religious, charitable, or other nonprofit organization is responsible for the financial or contractual obligations of the health facility.
- (f) Whenever there is a change in the affiliation of the health facility with a religious, charitable, or other nonprofit organization, including a change in the extent, if any, to which the affiliated organization is responsible for the financial and contractual obligations of the health facility, the health facility shall amend:



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Continued:

- (1) the health facility's disclosure statement on file with the director as required by subsection (b); and
- (2) the summary statement included in the health facility's advertisements and solicitations as required by subsections (d) and (e);

if an amendment is necessary to prevent the statement from containing any misstatement of fact or omission to state a material fact required to be stated.

As added by P.L.2-1993, SEC.11.



Nursing Homes and Assisted Living

IC 16-28-2-7

License fees

Sec. 7. The fee for a license as a health facility under this chapter is two hundred dollars (\$200) for the first fifty (50) beds available and ten dollars (\$10) for each additional bed available.

As added by P.L.2-1993, SEC.11. Amended by P.L.227-2003, SEC.1.



Nursing Homes and Assisted Living

410 IAC 16.2-1.1-14 "Comprehensive care facility" defined

Authority: IC 16-28-1-7

Affected: IC 16-28

Sec. 14. "Comprehensive care facility" means a health facility that provides nursing care, room, food, laundry, administration of medications, special diets, and treatments and that may provide rehabilitative and restorative therapies under the order of an attending physician. (*Indiana State Department of Health; 410 IAC 16.2-1.1-14; filed Jan 21, 2003, 8:34 a.m.: 26 IR 1904, eff Mar 1, 2003; readopted filed May 22, 2007, 1:44 p.m.: 20070613-IR-410070141RFA; readopted filed Sep 11, 2013, 3:19 p.m.: 20131009-IR-410130346RFA*)

- Comprehensive care facilities, in this case, are considered nursing homes because of the need for more specialized care.



Nursing Homes and Assisted Living

410 IAC 16.2-1.1-15 "Comprehensive nursing care" defined

Authority: IC 16-28-1-7

Affected: IC 16-28

Sec. 15. "Comprehensive nursing care" includes, but is not limited to, the following:

- (1) Intravenous feedings.
- (2) Enteral feeding.
- (3) Nasopharyngeal and tracheostomy aspiration.
- (4) Insertion and sterile irrigation and replacement of suprapubic catheters.
- (5) Application of dressings to wounds that:
 - (A) require use of sterile techniques, packing, or irrigation; or
 - (B) are infected or otherwise complicated.



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Continued:

- (6) Treatment of Stages 2, 3, and 4 pressure ulcers or other widespread skin disorders.
- (7) Heat treatments that have been specifically ordered by a physician as part of active treatment and require observation by nurses to adequately evaluate the process.
- (8) Initial phases of a regimen involving administration of medical gases.
(Indiana State Department of Health; 410 IAC 16.2-1.1-15; filed Jan 21, 2003, 8:34 a.m.: 26 IR 1904, eff Mar 1, 2003; readopted filed May 22, 2007, 1:44 p.m.: 20070613-IR-410070141RFA; readopted filed Sep 11, 2013, 3:19 p.m.: 20131009-IR-410130346RFA)



Nursing Homes and Assisted Living

410 IAC 16.2-1.1-62 "Residential care facility" defined

Authority: IC 16-28-1-7

Affected: IC 16-28

Sec. 62. "Residential care facility" means a health care facility that provides residential nursing care. (*Indiana State Department of Health; 410 IAC 16.2-1.1-62; filed Jan 21, 2003, 8:34 a.m.: 26 IR 1909, eff Mar 1, 2003; readopted filed May 22, 2007, 1:44 p.m.: 20070613-IR-410070141RFA; readopted filed Sep 11, 2013, 3:19 p.m.: 20131009-IR-410130346RFA*)

- Comparable to an assisted living facility.



Nursing Homes and Assisted Living

410 IAC 16.2-1.1-63 "Residential nursing care" defined

Authority: IC 16-28-1-7

Affected: IC 16-28

Sec. 63. "Residential nursing care" may include, but is not limited to, the following:

- (1) Identifying human responses to actual or potential health conditions.
- (2) Deriving a nursing diagnosis.
- (3) Executing a minor regimen based on a nursing diagnosis or executing minor regimens as prescribed by a physician, physician assistant, chiropractor, dentist, optometrist, podiatrist, or nurse practitioner.
- (4) Administering, supervising, delegating, and evaluating nursing activities as described in this section.

(Indiana State Department of Health; 410 IAC 16.2-1.1-63; filed Jan 21, 2003, 8:34 a.m.: 26 IR 1909, eff Mar 1, 2003; readopted filed May 22, 2007, 1:44 p.m.: 20070613-IR-410070141RFA; readopted filed Sep 11, 2013, 3:19 p.m.: 20131009-IR-410130346RFA)



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- You can find each type of facility (by county) through the Indiana State Department of Health's Long Term (Nursing Home) and Residential Care Facility Directories (Assisted Living)
- Long Term Care Facility –
<http://www.in.gov/isdh/reports/QAMIS/ltcdir/index.htm>
- Residential Care Facility -
<http://www.in.gov/isdh/reports/QAMIS/resdir/index.htm>



Comprehensive Care Facility Licensing and Environmental Requirements



Nursing Homes and Assisted Living

Rule 3.1. Comprehensive Care Facilities

410 IAC 16.2-3.1-2 Licenses

Authority: IC 16-28-1-7

Affected: IC 16-18-2-167; IC 16-28-1-10; IC 16-28-2-2; IC 16-28-2-4; IC 16-28-5-7

Sec. 2. (a) Any person, in order to lawfully operate a health facility as defined in IC 16-18-2-167, shall first obtain an authorization to occupy the facility or a license from the director. The applicant shall notify the director, in writing, before the applicant begins to operate a facility that is being purchased or leased from another licensee. Failure to notify the director precludes the issuance of a full license.

(b) The director may approve occupancy and use of the structure pending a final licensure decision.

(c) The director may issue a health facility license for a new facility upon receipt, review, and approval of the following requirements:

(1) The applicant shall submit a license application on the prescribed form in accordance with IC 16-28-2-2.

The applicant shall identify direct and indirect ownership interests of five percent (5%) or more and of officers, directors, and partners.

(2) The applicant shall submit the appropriate license fee.

(3) Prior to the start of construction, detailed architectural and operational plans shall be submitted to the division for consideration and approval. The plans shall state the licensure classification sought. Plans for projects involving less than thirty thousand (30,000) cubic feet require suitable detailed plans and sketches. Plans for projects involving more than thirty thousand (30,000) cubic feet require certification by an architect or an engineer registered in Indiana. A plan of operation, in sufficient detail to facilitate the review of functional areas, that is, nursing unit, laundry, and kitchen, shall accompany the submitted plan.



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Continued:

- (4) The director shall be notified of the design release from the department of fire and building services.
- (5) The director shall be provided with written notification that construction of the building is substantially complete.
- (6) The applicant shall submit to the director the following:
 - (A) Corporate or partnership structure.
 - (B) A complete list of facilities previously and currently owned or operated by the officers, directors, agents, and managing employees.
 - (C) A copy of agreements and contracts.
 - (D) If registration is required by the secretary of state, a copy of the registration.
 - (E) A staffing plan to include the number, educational level, and personal health of employees.
 - (F) A disaster plan.
- (7) The applicant shall submit information and supporting documents required by the director documenting that the facility will be operated in reasonable compliance with this article and applicable statutes.
- (8) The applicant shall submit a report by the state fire marshal that the facility is in reasonable compliance with the fire safety rules of the fire prevention and building safety commission (675 IAC).
- (9) The applicant shall submit information verified by the appropriate building official that the building is in reasonable compliance with the building rules of the fire prevention and building safety commission (675 IAC).
- (10) The facility shall meet the environmental and physical standards of section 19 of this rule.



Nursing Homes and Assisted Living

Continued:

- (11) The applicant shall submit an independent verification of assets and liabilities demonstrating working capital adequate to operate the facility. The verification shall be performed by a certified public accountant. The verification shall be submitted to the director on a form approved by the department. The verification shall be accompanied by documents required by the application form and other documents or information as required by the department to evidence adequate working capital to operate the facility.
- (d) The director may issue a health facility license for an existing facility that proposes a change from a previously approved plan review upon receipt, review, and approval of the following requirements:
 - (1) The applicant shall submit the appropriate licensure fee.
 - (2) Prior to the start of construction, detailed architectural and operational plans shall be submitted to the division for consideration and approval. The plans shall state the licensure classification sought. Plans for projects involving less than thirty thousand (30,000) cubic feet require suitable detailed plans and sketches. Plans for projects involving more than thirty thousand (30,000) cubic feet require certification by an architect or an engineer registered in Indiana. A plan of operation, in sufficient detail to facilitate the review of functional areas, that is, nursing unit, laundry, and kitchen, shall accompany the submitted plan.
 - (3) The director shall be notified of the design release from the department of fire and building services.
 - (4) The director shall be provided with written notification that construction of the building is substantially complete.
 - (5) The applicant shall submit information and supporting documents required by the director that the facility will be operated in reasonable compliance with this article and applicable statutes.



Nursing Homes and Assisted Living

Continued:

- (6) The applicant shall submit a report by the state fire marshal that the facility is in reasonable compliance with the fire safety rules of the fire prevention and building safety commission (675 IAC).
- (7) Information verified by the appropriate building official that the building is in reasonable compliance with the building rules of the fire prevention and building safety commission (675 IAC).
- (e) The director may issue a health facility license for an existing facility that proposes a change in beds upon receipt, review, and approval of the following requirements:
 - (1) The applicant shall submit the appropriate license fee.
 - (2) The facility shall meet the environmental and physical standards of section 19 of this rule.
 - (3) The applicant shall submit a report by the state fire marshal that the facility is in reasonable compliance with the fire safety rules of the fire prevention and building safety commission (675 IAC).
- (f) The director may issue a health facility license for a facility that has changed ownership upon receipt, review, and approval of the following requirements:
 - (1) The applicant shall submit a license application on the prescribed form in accordance with IC 16-28-2-2. The applicant shall identify direct and indirect ownership interests of five percent (5%) or more and of officers, directors, and partners.
 - (2) The applicant shall submit the appropriate license fee.
 - (3) The applicant shall submit information and supporting documents required by the director documenting that the facility will be operated in reasonable compliance with this article and applicable statutes.
 - (4) The applicant shall submit to the director the following:
 - (A) Corporate or partnership structure.
 - (B) A complete list of facilities previously or currently owned or operated by the officers, directors, agents, and managing employees.



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Continued:

- (C) A copy of agreements and contracts.
- (D) If registration is required by the secretary of state, a copy of the registration.
- (E) A staffing plan to include the number, educational level, and personal health of employees.
- (F) A disaster plan.

An applicant for a license shall submit an independent verification of assets and liabilities demonstrating working capital adequate to operate the facility. The verification shall be performed by a certified public accountant. The verification shall be submitted to the director on a form approved by the department. The verification shall be accompanied by documents required by the application form and other documents or information as required by the department to evidence adequate working capital to operate the facility.

- (g) The director may issue a provisional license to a new facility or to a facility under new ownership in accordance with IC 16-28-2-4(2).
- (h) For the renewal of a license, the director may issue a full license for any period up to one (1) year, issue a probationary license, or deny a license application upon receipt and review of the following requirements:
 - (1) The facility shall submit a renewal application to the director at least forty-five (45) days prior to the expiration of the license. The renewal application shall be on a form provided and approved by the division. The applicant shall identify direct or indirect ownership interests of five percent (5%) or more and of officers, directors, and partners.
 - (2) The applicant shall submit the appropriate license fee.
 - (3) The director shall verify that the facility is operated in reasonable compliance with IC 16-28-2 and this article.
 - (4) The state fire marshal shall verify that the facility is in reasonable compliance with the applicable fire safety statutes and rules (675 IAC).



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Continued:

- (i) If the director issues a probationary license, the license may be granted for a period of three (3) months. However, no more than three (3) probationary licenses may be issued in a twelve (12) month period. Although the license fee for a full twelve (12) month period has been paid, a new fee shall be required prior to the issuance of a probationary license.
- (j) Any change in direct or indirect corporate ownership of five percent (5%) or more that occurs during the licensure period shall be reported to the director, in writing, at the time of the change. The facility must also provide written notice at the time the change occurs in the officers, directors, agents, or managing employees, or the corporation, association, or other company responsible for the management of the facility.
- (k) For a good cause shown, waiver of any nonstatutory provisions of this rule may be granted by the executive board for a specified period in accordance with IC 16-28-1-10.
- (l) A licensure survey finding or complaint allegation does not constitute a breach for the purposes of IC 16-28-2 until or unless the commissioner makes a specific determination that a breach has occurred. Moreover, the director shall issue a citation only upon a determination by the commissioner that a breach has occurred. Regardless of whether the commissioner makes a determination that a breach has occurred, a licensure survey finding or complaint allegation may be used as evidence as to whether a violation actually occurred for the purposes of licensure hearings or any other proceedings initiated under IC 16-28-2 or this article.
- (m) The classification of rules into the categories that are stated at the end of each section of this rule and 410 IAC 16.2-5 through 410 IAC 16.2-7 shall be used to determine the corrective actions and penalties, if appropriate, to be imposed by the commissioner upon a determination that a breach has occurred, as follows:



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Continued:

(1) An offense presents a substantial probability that death or a life-threatening condition will result. For an offense, the commissioner shall issue an order for immediate correction of the offense. In addition, the commissioner shall:

(A) impose a fine not to exceed ten thousand dollars (\$10,000); or

(B) order the suspension of new admissions to the health facility for a period not to exceed forty-five (45) days;

or both. If the offense is immediately corrected, the commissioner may waive up to fifty percent (50%) of any fine imposed and reduce the number of days for suspension of new admissions by one-half ($\frac{1}{2}$). The commissioner may also impose revocation by the director of the facility's license or issuance of a probationary license.

(2) A deficiency presents an immediate or direct, serious adverse effect on the health, safety, security, rights, or welfare of a resident. For a deficiency, the commissioner shall issue an order for immediate correction of the deficiency. In addition, the commissioner may:

(A) impose a fine not to exceed five thousand dollars (\$5,000); or

(B) order the suspension of new admissions to the health facility for a period not to exceed thirty (30) days;

or both. For a repeat of the same deficiency within a fifteen (15) month period, the commissioner shall order immediate correction of the deficiency and impose a fine not to exceed ten thousand dollars (\$10,000) or suspension of new admissions to the facility for a period not to exceed forty-five (45) days, or both. If the deficiency is immediately corrected, the commissioner may waive up to fifty percent (50%) of any fine imposed and reduce the number of days for suspension of new admissions by one-half ($\frac{1}{2}$). The commissioner may also impose revocations by the director of the facility license or issuance of a probationary license.



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Continued:

- (3) A noncompliance presents an indirect threat on the health, safety, security, rights, or welfare of a resident. For a noncompliance, the commissioner shall require the health facility to comply with any plan of correction approved or directed under IC 16-28-5-7. If the facility is found to have a pattern of noncompliance, the commissioner may suspend new admissions to the health facility for a period not to exceed fifteen (15) days or impose a fine not to exceed one thousand dollars (\$1,000), or both. Additionally, if the health facility is found to have a repeat of the same noncompliance in any fifteen (15) month period, the commissioner shall issue an order for immediate correction of the noncompliance. The commissioner may impose a fine not to exceed five thousand dollars (\$5,000) or suspension of new admissions to the health facility for a period not to exceed thirty (30) days, or both.
- (4) A nonconformance is any other classified rule that does not fall in the three (3) categories established in subdivisions (1) through (3). For a nonconformance, the commissioner shall require the health facility to comply with any plan of correction approved or directed in accordance with IC 16-28-5-7. For a repeat of the same nonconformance within a fifteen (15) month period, the commissioner shall require the health facility to comply with any plan of correction approved or directed in accordance with IC 16-28-5-7. For a repeat pattern of nonconformance the commissioner may suspend new admissions to the health facility for a period not to exceed fifteen (15) days or impose a fine not to exceed one thousand dollars (\$1,000), or both.
- (n) For Medicare or Medicaid certified facilities, or both, the department shall not collect both a civil money penalty under 42 CFR 488 and a fine under IC 16-28 and this article. (*Indiana State Department of Health; 410 IAC 16.2-3.1-2; filed Jan 10, 1997, 4:00 p.m.: 20 IR 1526, eff Apr 1, 1997; errata filed Apr 10, 1997, 12:15 p.m.: 20 IR 2414; filed May 16, 2001, 2:09 p.m.: 24 IR 3022; readopted filed Jul 11, 2001, 2:23 p.m.: 24 IR 4234; filed Aug 19, 2004, 3:15 p.m.: 28 IR 182; readopted filed May 22, 2007, 1:44 p.m.: 20070613-IR-410070141RFA; readopted filed Sep 11, 2013, 3:19 p.m.: 20131009-IR-410130346RFA*)



Nursing Homes and Assisted Living

Rule 3.1. Comprehensive Care Facilities

410 IAC 16.2-3.1-19 Environment and physical standards

Authority: IC 16-28-1-7

Affected: IC 16-28-5-1

Sec. 19. (a) The facility must be:

- (1) designed;
- (2) constructed;
- (3) equipped; and
- (4) maintained;

to protect the health and safety of residents, personnel, and the public.

- (b) Each facility shall comply with the facility must meet the applicable provisions of the 2000 edition of the Life Safety Code of the National Fire Protection Association, which is incorporated by reference. This section applies to all facilities initially licensed on or after the effective date of this rule.
- (c) fire and safety standards, including the applicable rules of the state fire prevention and building safety commission (675 IAC) where applicable to health facilities.
- (d) An emergency electrical power system must supply power adequate at least for lighting all entrances and exits, equipment to maintain the fire detection, alarm, and extinguishing systems, and life support systems in the event the normal electrical supply is interrupted.
- (e) When life support systems are used, the facility must provide emergency electrical power with an emergency generator that is located on the premises.



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Continued:

(f) The facility must provide a safe, functional, sanitary, and comfortable environment for residents, staff, and the public.

The facility must do the following:

- (1) Establish procedures to ensure that water is available to essential areas when there is a loss of normal water supply.
- (2) Have adequate outside ventilation by means of windows or mechanical ventilation, or a combination of the two (2).
- (3) Equip corridors with firmly secured handrails.
- (4) Maintain an effective pest control program so that the facility is free of pests and rodents.
- (5) Provide a home-like environment for residents.

(g) Personnel shall handle, store, process, and transport linen in a manner that prevents the spread of infection as follows:

- (1) Soiled linens shall be securely contained at the source where it is generated and handled in a manner that protects workers and precludes contamination of clean linen.
- (2) Clean linen from a commercial laundry shall be delivered to a designated clean area in a manner that prevents contamination.
- (3) When laundry chutes are used to transport soiled linens, the chutes shall be maintained in a clean and sanitary state.
- (4) Linens shall be maintained in good repair.
- (5) The supply of clean linens, washcloths, and towels shall be sufficient to meet the needs of each resident.
The use of common towels, washcloths, or toilet articles is prohibited.

(h) The facility must provide comfortable and safe temperature levels.



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Continued:

- (i) Each facility shall have an adequate heating and air conditioning system.
- (j) The heating and air conditioning systems shall be maintained in normal operating condition and utilized as necessary to provide comfortable temperatures in all resident and public areas.
- (k) Resident rooms must be designed and equipped for adequate nursing care, comfort, and full visual privacy of residents.
- (l) Requirements for bedrooms must be as follows:
 - (1) Accommodate not more than four (4) residents.
 - (2) Measure at least:
 - (A) eighty (80) square feet per resident in multiple resident bedrooms; and
 - (B) one hundred (100) square feet in single resident rooms.
 - (3) A facility initially licensed prior to January 1, 1964, must provide not less than sixty (60) square feet per bed in multiple occupancy rooms. A facility initially licensed after January 1, 1964, must have at least seventy (70) square feet of usable floor area for each bed. Any facility that provides an increase in bed capacity with plans approved after December 19, 1977, must provide eighty (80) square feet of usable floor area per bed.
 - (4) Any room utilized for single occupancy must be at least eight (8) feet by ten (10) feet in size with a minimum ceiling height of eight (8) feet. A new facility, plans for which were approved after December 19, 1977, must contain a minimum of one hundred (100) square feet of usable floor space per room for single occupancy.
 - (5) Have direct access to an exit corridor.
 - (6) Be designed or equipped to assure full visual privacy for each resident in that they have the means of completely withdrawing from public view while occupying their beds.



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Continued:

- (7) Except in private rooms, each bed must have ceiling suspended cubicle curtains or screens of flameproof or flame-retardant material, which extend around the bed to provide total visual privacy, in combination with adjacent walls and curtains.
 - (8) Have at least one (1) window to the outside with an area equal to one-tenth (1/10) of the total floor area of such rooms, up to eighty (80) square feet per bed for rooms occupied by more than one (1) person and one hundred (100) square feet for single occupancy.
 - (9) Have a floor at or above grade level. A facility whose plans were approved before the effective date of this rule may use rooms below ground level for resident occupancy if the floors are not more than three (3) feet below ground level.
- (m) The facility must provide each resident with the following:
- (1) A separate bed of proper size and height for the convenience of the resident.
 - (2) A clean, comfortable mattress.
 - (3) Bedding appropriate to the weather, climate, and comfort of the resident.
 - (4) Functional furniture and individual closet space in the resident's room with clothes racks and shelves accessible to the resident and appropriate to the resident's needs, including the following:
 - (A) A bedside cabinet or table with hard surface, washable top
 - (B) A clothing storage closet (which may be shared), including a closet rod and a shelf for:
 - (i) clothing;
 - (ii) toilet articles; and
 - (iii) other personal belongings.



Nursing Homes and Assisted Living

Continued:

- (C) A cushioned comfortable chair.
- (D) A reading or bed lamp.
- (E) If the resident is bedfast, an adjustable over-the-bed table or other suitable device.
- (5) Each resident room shall have clothing storage, which includes a closet at least two (2) feet wide and two (2) feet deep, equipped with an easily opened door and a closet rod at least eighteen (18) inches long of adjustable height to provide access by residents in wheelchairs. The closet should be tall enough that clothing does not drag on the floor and to provide air circulation. A dresser, or its equivalent in shelf and drawer space equal to a dresser with an area of at least four hundred thirty-two (432) square inches, equipped with at least two (2) drawers six (6) inches deep to provide for:
 - (A) clothing;
 - (B) toilet articles; and
 - (C) other personal belongings; shall also be provided.
- (n) Each resident room must be equipped with or located near toilet or bathing facilities such that residents who are independent in toileting, including chair-bound residents, can routinely have access to a toilet on the unit. As used in this subsection, "toilet facilities" means a space that contains a lavatory with a mirror and a toilet. Bathing and toilet facilities shall be partitioned or completely curtained for privacy and mechanically ventilated. Toilets, bath, and shower compartments shall be separated from rooms by solid walls or partitions that extend from the floor to the ceiling.



Nursing Homes and Assisted Living

Continued:

(o) Bathing facilities for residents not served by bathing facilities in their rooms shall be provided as follows:

Residents	Bathtubs or Showers
3 to 22	1
23 to 37	2
38 to 52	3
53 to 67	4
68 to 82	5
83 to 97	6

Portable bathing units may be substituted for one (1) or more of the permanent fixtures with prior approval of the division.

(p) Toilet facilities shall be provided as set out in the building code at the time the facility was constructed. This section applies to facilities and additions to facilities for which construction plans are submitted for approval after July 1, 1984. At least one (1) toilet and lavatory shall be provided for each eight (8) residents. At least one (1) toilet and one (1) lavatory of the appropriate height for a resident seated in a wheelchair shall be available for each sex on each floor utilized by residents.

(q) Toilet rooms adjacent to resident bedrooms shall serve not more than:

- (1) two (2) resident rooms; or
- (2) eight (8) beds.

(r) The hot water temperature for all bathing and hand washing facilities shall be controlled by automatic control valves.



Nursing Homes and Assisted Living

Continued:

The water temperature at the point of use must be maintained between:

- (1) one hundred (100) degrees Fahrenheit; and
- (2) one hundred twenty (120) degrees Fahrenheit.

(s) Individual towel bars shall be provided for each resident.

(t) All bathing and shower rooms shall have mechanical ventilation.

(u) The nurses' station must be equipped to receive resident calls through a communication system from the following:

- (1) Resident rooms.
- (2) Toilet and bathing facilities.
- (3) Activity, dining, and therapy areas.

(v) The facility must provide sufficient space and equipment in:

- (1) dining;
- (2) health services;
- (3) recreation; and
- (4) program;

areas to enable staff to provide residents with needed services as required by this rule and as identified in each resident's care plan.

(w) Each facility shall have living areas with sufficient space to accommodate the dining, activity, and lounge needs of the residents and to prevent the interference of one (1) function with another as follows:



Nursing Homes and Assisted Living

- (1) In a facility licensed prior to June 1970, the lounge area, which may also be used for dining, shall be a minimum of ten (10) square feet per bed.
- (2) In a facility licensed since June 1970, the total dining, activity, and lounge area shall be at least twenty (20) square feet per bed.
- (3) For facilities for which construction plans are submitted for approval after 1984, the total area for resident dining, activity, and lounge purposes shall not be less than thirty (30) square feet per bed.
- (4) Dining, lounge, and activity areas shall be:
 - (A) readily accessible to wheelchair and ambulatory residents; and
 - (B) sufficient in size to:
 - (i) accommodate necessary equipment; and
 - (ii) permit unobstructed movement of wheelchairs, residents, and personnel responsible for assisting, instructing, or supervising residents.
- (5) Dining tables of the appropriate height shall be provided to assure access to meals and comfort for residents seated in:
 - (A) wheelchairs;
 - (B) geriatric chairs; and
 - (C) regular dining chairs.
- (x) Room-bound residents shall be provided suitable and sturdy tables or adjustable over-bed tables or other suitable devices and chairs of proper height to facilitate independent eating.
- (y) Facilities having continuing deficiencies in the service of resident meals directly attributable to inadequacies in the size of the dining room or dining areas shall submit a special plan of correction detailing how meal service will be changed to meet the resident's needs.



Nursing Homes and Assisted Living

Continued:

- (z) A comfortably furnished resident living and lounge area shall be provided on each resident occupied floor of a multistory building. This lounge may be furnished and maintained to accommodate activity and dining functions.
- (aa) The provision of an activity area shall be based on the level of care of the residents housed in the facility. The facility shall provide the following:
 - (1) Equipment and supplies for:
 - (A) independent and group activities; and
 - (B) residents having special needs.
 - (2) Space to store recreational equipment and supplies for the activities program within or convenient to the area.
 - (3) Locked storage for potentially dangerous items, such as:
 - (A) scissors;
 - (B) knives;
 - (C) razor blades; or
 - (D) toxic materials.
 - (4) In a facility for which plans were approved after December 19, 1977, a restroom:
 - (A) large enough to accommodate a wheelchair; and
 - (B) equipped with grab bars;located near the activity area.



Nursing Homes and Assisted Living

Continued:

- (bb) Maintain all essential mechanical, electrical, and resident care equipment in safe operating condition. Each facility shall establish and maintain a written program for maintenance to ensure the continued upkeep of the facility.
- (cc) The facility must provide one (1) or more rooms designated for resident dining and activities. These rooms must:
 - (1) be well-lighted with artificial and natural lighting;
 - (2) be well-ventilated with nonsmoking areas identified;
 - (3) be adequately furnished with structurally sound furniture that accommodates residents' needs, including those in wheelchairs; and
 - (4) have sufficient space to accommodate all activities.
- (dd) Each facility shall have natural lighting augmented by artificial illumination, when necessary, to provide light intensity and to avoid glare and reflective surfaces that produce discomfort and as indicated in the following table:



Nursing Homes and Assisted Living

Continued:

Minimum Average Area	*Foot-Candles
Corridors and interior ramp	15
Stairways and landing	20
Recreation area	40
Dining area	20
Resident care room	20
Nurses' station	40
Nurses' desk for charts and records	60
Medicine cabinet	75
Utility room	15
Janitor's closet	15
Reading and bed lamps	20
Toilet and bathing facilities	20
Food preparation surfaces and utensil washing facilities	70

*Foot-Candle is a unit of measurement that indicates the level of light intensity.

1 Foot-Candle = 1 Lumen/ft.²



Nursing Homes and Assisted Living

Continued:

- (ee) Each facility shall have a policy concerning pets. Pets may be permitted in a facility but shall not be allowed to create a nuisance or safety hazard. Any pet housed in a facility shall have periodic veterinary examinations and required immunizations in accordance with state and local health regulations.
- (ff) A health facility licensed under IC 16-28 and this rule must do the following:
- (1) Have an automatic fire sprinkler system installed throughout the facility before July 1, 2012.
 - (2) If an automatic fire sprinkler system is not installed throughout the health facility before July 1, 2010, submit before July 1, 2010, a plan to the department for completing the installation of the automatic fire sprinkler system before July 1, 2012.
 - (3) Have a battery operated or hard-wired smoke detector in each resident's room before July 1, 2012.
- (gg) Any sprinkler system installed after the effective date of this rule must comply with 675 IAC 13-1-8.
- (hh) For purposes of IC 16-28-5-1, a breach of:
- (1) subsection (a) or (ff) is an offense;
 - (2) subsection (b), (c), (d), (e), (f), (g), (h), (i), (j), (r), (u), (bb), or (gg) is a deficiency; and
 - (3) subsection (k), (l), (m), (n), (o), (p), (q), (s), (t), (v), (w), (x), (z), (aa), (cc), (dd), or (ee) is a noncompliance.
- (Indiana State Department of Health; 410 IAC 16.2-3.1-19; filed Jan 10, 1997, 4:00 p.m.: 20 IR 1543, eff Apr 1, 1997; readopted filed Jul 11, 2001, 2:23 p.m.: 24 IR 4234; filed Apr 16, 2004, 10:30 a.m.: 27 IR 2715; readopted filed May 22, 2007, 1:44 p.m.: 20070613-IR-410070141RFA; filed Jul 31, 2008, 4:24 p.m.: 20080827-IR 410070657FRA; readopted filed Sep 11, 2013, 3:19 p.m.: 20131009-IR-410130346RFA)*



Residential Care Facility Licensing and Environmental Requirements



Nursing Homes and Assisted Living

- 410 IAC 16.2-5-1.1 indicates the licensing requirements for Residential Care Facilities however they are fairly identical to those of the Comprehensive Care Facilities' requirements.



Nursing Homes and Assisted Living

410 IAC 16.2-5-1.6 Physical plant standards

Authority: IC 16-28-1-7

Affected: IC 16-28-2; IC 16-28-5-1

- Sec. 1.6. (a) The facility shall make provisions for the handicapped as required by state or federal codes.
- (b) The facility shall have adequate plumbing, heating, and ventilating systems as governed by applicable rules of the fire prevention and building safety commission (675 IAC). Plumbing, heating, and ventilating systems shall be maintained in normal operating condition and utilized as necessary to provide comfortable temperatures in all areas.
- (c) Each facility shall have an adequate air conditioning system, as governed by applicable rules of the fire prevention and building safety commission (675 IAC). The air conditioning system shall be maintained in normal operating condition and utilized as necessary to provide comfortable temperatures in all resident and public areas.
- (d) The facility shall be supplied with safe, potable water, under pressure, from a source approved by the Indiana department of environmental management. If a private water supply is used, the facility shall comply with appropriate laws and rules.
- (e) Sewage shall be discharged into a public sewerage system in accordance with the laws and rules of the Indiana water pollution control board, where a system is available. Otherwise, sewage shall be collected, treated, and disposed of in an approved on-site wastewater system in accordance with 410 IAC 6-10.
- (f) The facility shall have, for each room used for dining, living, or sleeping purposes, light and ventilation by means of outside windows with an area equal to one-tenth (1/10) of the total floor area of such rooms.



Nursing Homes and Assisted Living

Continued:

(g) The following standards apply to resident rooms:

- (1) Each room shall have at least eighty (80) square feet per bed for rooms occupied by more than one (1) person and one hundred (100) square feet for single occupancy.
- (2) A facility initially licensed prior to January 1, 1964, must provide not less than sixty (60) square feet per bed in multiple occupancy rooms.
- (3) A facility initially licensed after January 1, 1964, must have at least seventy (70) square feet of usable floor area for each bed.
- (4) Any facility that provides an increase in bed capacity, with plans approved after December 19, 1977, must provide eighty (80) square feet of usable floor area per bed.
- (5) For facilities and additions to facilities for which construction plans are submitted for approval after July 1, 1984, resident rooms shall not contain more than four (4) residents' beds per room.

(h) The facility shall have natural lighting augmented by artificial illumination, when necessary, to provide light intensity and to avoid glare and reflective surfaces that produce discomfort and as indicated in the following table:



Nursing Homes and Assisted Living

Continued:

Minimum Average Area	Foot-Candles
Corridors and interior ramp	15
Stairways and landing	20
Recreation area	40
Dining area	20
Resident care room	20
Nurses' station	40
Nurses' desk for charts and records	60
Medicine cabinet	75
Utility room	15
Janitor's closet	15
Reading and bed lamps	20
Toilet and bathing facilities	20
Food preparation surfaces and utensil washing facilities	70

(i) The facility shall house residents only in areas approved by the director for housing and given a fire clearance by the state fire marshal. The facility shall:

- (1) Have a floor at or above grade level. A facility whose plans were approved before the effective date of this rule may use rooms below ground level for resident occupancy if the floors are not more than three (3) feet below ground level.



Nursing Homes and Assisted Living

Continued:

- (2) Provide each resident the following items upon request at the time of admission:
 - (A) A bed:
 - (i) of appropriate size and height for the resident;
 - (ii) with a clean and comfortable mattress; and
 - (iii) with comfortable bedding appropriate to the temperature of the facility.
 - (B) A bedside cabinet or table with a hard surface and washable top.
 - (C) A cushioned comfortable chair.
 - (D) A bedside lamp.
 - (E) If the resident is bedfast, an adjustable over-the-bed table or other suitable device.
- (3) Provide cubicle curtains or screens if requested by a resident in a shared room.
- (4) Provide a method by which each resident may summon a staff person at any time.
- (5) Equip each resident unit with a door that swings into the room and opens directly into the corridor or common living area.
- (6) Not house a resident in such a manner as to require passage through the room of another resident. Bedrooms shall not be used as a thoroughfare.
- (7) Individual closet space. For facilities and additions to facilities for which construction plans are submitted for approval after July 1, 1984, each resident room shall have clothing storage that includes a closet at least two (2) feet wide and two (2) feet deep, equipped with an easily opened door and a closet rod at least eighteen (18) inches long of adjustable height to provide access by residents in wheelchairs.



Nursing Homes and Assisted Living

Continued:

(j) The following standards apply to toilet, lavatory, and tub or showers:

- (1) For facilities initially licensed after (effective date), each unit shall have a private toilet, lavatory, and tub or shower.
- (2) For facilities for which plans were approved prior to April 1, 1997, the following criteria is [sic., are] applicable:
 - (A) Bathing facilities for residents not served by bathing facilities in their rooms shall be provided as follows:

Residents	Bathtubs or Showers
3 to 22	1
23 to 37	2
38 to 52	3
53 to 67	4
68 to 82	5
83 to 97	6

- (B) A central bathing tub shall be available.
- (C) Central bathing and toilet facilities shall be partitioned or curtained for privacy.
- (D) Toilets, bath, and shower compartments shall be separated from rooms by solid walls or partitions that extend from the floor to the ceiling.



Nursing Homes and Assisted Living

Continued:

(E) Toilet facilities shall be provided as follows:

Residents of the Same Sex	Toilets	Open-Front Lavatories
3 to 18	1	1
19 to 30	2	2
31 to 42	3	3
43 to 54	4	4
55 to 66	5	5
67 to 78	6	6

(3) For facilities and additions to facilities for which construction plans are submitted for approval after July 1, 1984, at least one (1) toilet and lavatory shall be provided for each eight (8) residents as follows:

- (A) Toilet rooms adjacent to resident bedrooms shall serve no more than two (2) resident rooms or more than eight (8) beds.
- (B) The toilet room shall contain a toilet, lavatory, liquid soap, and disposable towel dispenser.
- (C) Each resident shall have access to a toilet and lavatory without entering a common corridor area.
- (D) For facility with common toilet facilities, at least one (1) toilet and one (1) lavatory for each gender on each floor utilized by residents.
- (E) All bathing and shower rooms shall have mechanical ventilation.



Nursing Homes and Assisted Living

Continued:

- (k) Hot water temperature for all bathing and hand washing facilities shall be controlled by an automatic control valve. Water temperature at point of use must be maintained between one hundred (100) degrees Fahrenheit and one hundred twenty (120) degrees Fahrenheit.
- (l) The facility shall have a nourishment station for supplemental food service separate from the resident's unit.
- (m) Ice shall be readily available to residents at all times in the facility.
- (n) The facility shall have living areas with sufficient space to accommodate the dining, activity, and lounge needs of the residents and to prevent the interference of one (1) function with another as follows:
 - (1) Dining, lounge, and activity areas shall be:
 - (A) readily accessible to wheelchair and ambulatory residents; and
 - (B) sufficient in size to accommodate necessary equipment and to permit unobstructed movement of wheelchairs, residents, and personnel responsible for assisting, instructing, or supervising residents.
 - (2) Dining tables of the appropriate height shall be provided to assure access to meals and comfort for residents seated in wheelchairs, geriatric chairs, and regular dining chairs.
 - (3) A comfortably furnished resident living and lounge area shall be provided on each resident occupied floor of a multi-story building. This lounge may be furnished and maintained to accommodate activity and dining functions.
 - (4) An area for resident activities. In a facility for which plans were approved after December 19, 1977, a restroom large enough to accommodate a wheelchair and equipped with grab bars located near the activity room shall be provided.



Nursing Homes and Assisted Living

Continued:

- (5) For facilities and additions to facilities for which construction plans are submitted for approval after July 1, 1984, the total area for resident dining, activities, and lounge purposes shall not be less than thirty (30) square feet per bed.
- (o) Each facility shall have an adequate kitchen that complies with 410 IAC 7-24.
- (p) The facility shall have a janitor's closet conveniently located on each resident occupied floor of the facility. The janitor's closet shall contain a sink or floor receptacle and storage for cleaning supplies. The door to the janitor's closet shall be equipped with a lock and shall be locked when hazardous materials are stored in the closet.
- (q) The facility shall have laundry services either in-house or with a commercial laundry by contract as follows:
 - (1) If a facility operates its own laundry, the laundry shall be designed and operated to promote a flow of laundry from the soiled utility area toward the clean utility area to prevent contamination.
 - (2) Written procedures for handling, storage, transportation, and processing of linens shall be posted in the laundry and shall be implemented.
- (r) For facilities and additions to facilities for which construction plans are submitted for approval after July 1, 1984, if the facility provides therapy, the facility shall have a therapy area.
- (s) For purposes of IC 16-28-5-1, a breach of:
 - (1) subsection (a), (b), (c), (d), (e), (f), (k), (o), or (q) is a deficiency;
 - (2) subsection (g), (h), (i), (j), (l), (m), or (n) is a noncompliance; and
 - (3) subsection (p) or (r) is a nonconformance.



Nursing Homes and Assisted Living

- Question: So, what does this have to do with valuing the real estate?
- Answer: It is important to know the requirements needed to even open this type of service facility. Government regulation (usually in the form of restriction) can have a severe impact on the marketability and value of real estate.



Nursing Homes and Assisted Living

Continued:

Also, with specific minimum construction requirements of assisted living and nursing homes it is far easier for an appraiser to develop a basic model for these types of facilities.



Real Property Manual and Cost Tables



Nursing Homes and Assisted Living

- According to the 2011 Real Property Assessment Manual – Book 1, “The market value-in-use of a property for its current use, as reflected by the utility received by the owner or by a similar user, from the property.”
- This is key to understanding how to appropriately use the cost tables for different classes of property.



Nursing Homes and Assisted Living

- Cost information for GCM – Nursing Home found on page 13 of Appendix G, Schedule A.1 of the 2011 Real Property Manual – Book 2.
- Cost information for GCR – Nursing Home found on page 16 of Appendix G, Schedule A.1 of the 2011 Real Property Manual – Book 2.



Nursing Homes and Assisted Living

- GCM Nursing Home

FD	Hotel- Motel Service	12'	1	52.97	56.49	61.81	67.50	71.15	75.74	81.15	88.70	93.82	100.00	7.64	6.77	7.54	8.36
			2	54.32	59.25	66.19	73.57	78.93	85.31	92.67	102.58	109.60	117.94	9.67	7.30	8.12	9.02
	General Office	12'	1	51.57	53.79	58.97	64.53	68.11	72.62	77.94	85.35	90.40	96.49	7.61	6.71	7.45	8.44
			2	52.32	56.56	63.35	70.60	75.88	82.19	89.45	99.22	106.17	114.43	9.64	7.27	8.08	9.15
	Medical Office	11'	1	54.72	58.11	63.34	68.91	72.40	76.81	82.04	89.40	94.34	100.30	7.40	6.36	7.06	8.03
			2	55.94	60.60	67.30	74.39	79.43	85.46	92.45	101.94	108.59	116.51	9.24	6.83	7.58	8.63
	Nursing Home	10'	1	49.27	52.29	56.96	62.00	65.05	69.03	73.75	80.44	84.92	90.36	7.00	6.65	7.39	8.24
			2	50.36	54.52	60.49	66.90	71.33	76.75	83.05	91.64	97.66	104.85	8.63	7.10	7.89	8.79
	Motel Units	10'	1	48.27	51.43	53.35	56.01	58.73	61.37	65.93	72.35	76.72	82.03	6.99	6.40	7.11	7.94
			2	50.57	53.95	57.14	61.04	63.80	69.10	75.23	83.55	89.46	96.52	8.63	6.85	7.61	8.49
	Apartment	10'	1	36.41	39.12	43.05	47.48	50.16	53.77	58.04	64.04	68.18	73.21	6.84	7.72	8.58	7.95
			2	37.50	41.35	46.58	52.38	56.44	61.50	67.34	75.24	80.91	87.69	8.48	8.24	9.15	8.56



Nursing Homes and Assisted Living

- GCR Nursing Home

Floor Level	Fin Type	Use Type	Flr Hgt	Wall Type	1	2	3	4	5	6	7	8	9	10	+1	Res (+)
First	FD	Motel Units	9'	1	44.80	48.10	51.28	52.92	57.29	61.64	66.67	73.45	78.15	83.35	4.91	
				2	45.82	50.24	54.41	56.79	62.13	67.49	73.60	81.79	87.59	94.11	5.16	
		Funeral Home	12'	1	51.35	55.75	62.09	68.01	73.03	78.03	83.83	91.68	97.03	103.00	5.40	
				2	53.40	60.12	68.86	77.02	84.34	91.75	100.12	111.28	119.24	128.30	6.34	
		Nursing Home	10'	1	54.22	57.60	60.87	63.97	67.06	71.73	77.16	84.50	89.52	95.11	5.12	
				2	56.37	62.10	67.47	72.34	77.28	84.11	91.83	102.15	109.51	117.89	5.77	
		Apartment	9'	1	34.74	38.58	43.80	48.74	53.09	57.43	62.42	69.12	73.82	79.02	4.98	
				2	35.62	40.47	46.72	52.61	57.93	63.28	69.36	77.46	83.26	89.78	5.23	
Upper	FO	Motel Service	12'	1	40.29	42.61	46.20	49.79	52.40	55.47	59.16	64.46	67.98	72.28	5.94	
				2	41.33	44.68	49.48	54.30	58.21	62.82	68.02	75.12	80.12	86.58	6.63	
		Dinning/Lounge	12'	1	44.12	46.52	50.33	54.11	56.83	60.01	63.84	69.34	72.96	77.38	5.94	
				2	45.15	48.59	53.62	58.62	62.64	67.36	72.69	80.00	85.10	91.68	6.62	
FD	Motel Units	9'	1	35.29	37.24	40.29	43.37	45.56	48.19	51.38	56.03	59.10	62.88	5.49		
			2	36.04	38.73	42.65	46.61	49.72	53.52	57.81	63.76	67.91	73.40	5.74		
	Apartment	9'	1	27.72	29.49	32.11	34.83	36.79	39.21	42.14	46.38	49.25	52.78	5.40		
			2	28.48	30.98	34.47	38.06	40.95	44.54	48.56	54.11	58.06	63.30	5.65		
Nursing Home	10'	1	45.84	47.65	49.28	50.73	52.97	55.16	57.68	62.70	66.01	70.06	5.66			
		2	46.81	49.03	51.63	53.96	56.06	60.22	64.91	71.41	75.93	81.83	6.06			



Nursing Homes and Assisted Living

- Question: I noticed there is a difference between the GCM costs and the GCR costs for nursing homes, why are they different and why have two choices?
- Answer: This is because there are differences in the construction materials used for each type of nursing home in the cost tables.



Nursing Homes and Assisted Living

- GCM Nursing Home materials can be found on page 14 of Appendix D in the 2011 Real Property Manual – Book 2
- GCM Nursing Home materials can be found on page 39 of Appendix D in the 2011 Real Property Manual – Book 2



Nursing Homes and Assisted Living

- GCM Materials

MODEL	GCM Nursing Home
Floor Height	10'
Finish Type	Finished divided; 8' ceiling height
Interior Finish and Mechanical Features	
Walls	Taped and painted drywall on wood or metal furring
Flooring	50% carpet and pad; 45% vinyl tile; 5% ceramic tile
Ceiling	Painted drywall on ceiling supports
Partitions	Wood frame interior construction typical of occupancy
Lighting	Average cost installation typical of occupancy
HVAC	Zoned air conditioning with warm and cooled air
Heating Only	Forced air
Cooling Additive	N/A
Plumbing	Not included



Nursing Homes and Assisted Living

- GCR Materials

MODEL	GCR Nursing Home
Floor Height	10'
Finish Type	Finished divided, 8' ceiling heights
Interior Finish and Mechanical Features	
Walls	Taped and painted drywall on wood furring
Flooring	50% carpet and pad; 45% vinyl tile; 5% ceramic tile or equal
Ceiling	Painted gypsum board on metal furring
Partitions	Taped and painted drywall on wood studs
Lighting	Average cost installation typical of group care facilities
HVAC	Zoned air conditioning with warm and cooled air
Heating Only	Gas fired forced air
Cooling Additive	N/A
Plumbing	Not included



Nursing Homes and Assisted Living

- As you may have noticed, there are a couple of differences between the two constructions.
- Ceiling – GCM has drywall on ceiling supports whereas GCR has gypsum board (same as drywall) with metal furring.
- Partitions – GCM has wood frame interior construction whereas GCR has drywall with sound deadening boards.
- Heating Only – GCM has forced air whereas GCR specifically has gas fired forced air



Nursing Homes and Assisted Living

- Both GCM and GCR schedules assume a 240 sq. ft. room size for each resident.
- Also, the nursing home schedule only covers the rooms, corridors, and other medical support areas for residents.



Nursing Homes and Assisted Living

Depreciation

GCM Nursing Home – Appendix F, page 22 of the 2011 Real Property Manual – Book 2

Occupancy	Quality Grade*	Framing Type			
		1 Wood Joist	2 Fire Resistant	3 Reinforced Concrete	4 Fireproof Steel
Motel	≤ D	40	45	50	50
Nursing Home	≥ A	50	55	60	60
Nursing Home	B, C	45	50	55	55
Nursing Home	≤ D	40	45	50	50



Nursing Homes and Assisted Living

Depreciation

GCR Nursing Home – Appendix F, page 25 of the 2011 Real Property Manual – Book 2

Occupancy	Quality Grade*	Framing Type
		1 Wood Joist
Apartment	≥ A	55
Apartment	B, C	50
Apartment	≤ D	45
Bank	≥ B	50
Bank	C	45
Bank	≤ D	40
Dining/Lounge	≥ A	40
Dining/Lounge	B, C	35
Dining/Lounge	≤ D	30
Funeral Home	≥ A	50
Funeral Home	B, C	45
Funeral Home	≤ D	35
Motel	≥ B	40
Motel	C	35
Motel	≤ D	30
Nursing Home	≥ B	40
Nursing Home	≤ C	35



Nursing Homes and Assisted Living

- Other sources can be used in construction valuation as well.
- 2014 National Building Cost manual provided by Craftsman and edited by Ben Moselle, 38th Edition, pages 167-170.



Nursing Homes and Assisted Living

- Masonry Convalescent Hospitals and Wood Frame Convalescent Hospitals.



Nursing Homes and Assisted Living

- Question: Could the nursing home costs provided in the manual be used for assisted living facilities as well?
- Answer: As it is always with assessment; it depends. However, it can be stated that most of the time the two will not be comparable. This is due to nursing home residents needing much less room and amenities than assisted living residents.



Nursing Homes and Assisted Living

- Question: So, how can assisted living facilities be assessed if we were to use classifications provided by the Department?
- Answer: Possibilities include, but are not limited to, apartments; motel units; Hotel-Motel Service; etc.



Nursing Homes and Assisted Living

- Question: What if the nursing home/assisted living have an in-house movie area or other unusual areas like a Tiki bar?
- Answer: Then those particular areas should be classified as a separate use rather than nursing home/apartment use because the nursing home costs only cover the rooms and regular common areas



Nursing Homes and Assisted Living

- Question: What about nursing homes/assisted living facilities that are attached to each other or even attached to a hospital?
- Answer: Then each particular area should be assessed as its own use rather than one classification.



Nursing Homes and Assisted Living

- Question: What about using the income approach and sales comparison approach for valuing nursing homes/assisted living facilities?
- Answer: Those two approaches are possible however getting the information can be problematic and hard to decipher.



Nursing Homes and Assisted Living

- *Income Approach (Based on guidance from The Appraisal Institute)
- Gross potential income (as previously estimated)
- Less allowance for vacancy and collection loss (not including turnover and temporary transfers that have already been considered)
- Independent-living units Nursing-home units Assisted-living units
- Equals effective gross income
- Less operating expenses
- Management Administration and salaries, Real estate taxes, Insurance, Utilities, Refuse Maintenance, Professional fees, Food and beverage, Health care items, Miscellaneous
- Less reserves for replacement
- Less forecasted refunds (for those who did not stay the entire agreed period)
- Equals net operating income
- <http://www.freepatentsonline.com/article/Appraisal-Journal/16396574.html>



Nursing Homes and Assisted Living

- This is the direct capitalization method which would still require the cap rate.
- However, the cap rate may be low due to the term of the loan.



Nursing Homes and Assisted Living

Sales Comparison Approach

- Difficult to accomplish because of the availability of sales and different variables that need to be accounted for in adjustments (entrepreneurial incentive, intangible assets, etc.)



Medicare and Medicaid Revenues, Exemptions, and Discussion



Nursing Homes and Assisted Living

Medicare

- More narrow than Medicaid when it comes to assisted living and nursing homes.
- Medicare does not allow any funds to be used for assisted living.
- Medicare only allows funding to be used on nursing homes if the patient had just previously been in the hospital; however Medicare will only cover 100 days maximum of care in the nursing home.



Nursing Homes and Assisted Living

Medicaid

- Can be used for assisted living and, to a lesser extent, nursing homes but must be Medicaid approved.
- Assets must be minimal to use Medicaid (as low as \$2,500 for a couple.)
- However, Indiana offers the Aged and Disabled Waiver which allows for significantly more assets for qualification however this waiver only covers a transition from a nursing home to assisted living.



Nursing Homes and Assisted Living

Long Term Insurance

- Indiana also has a partnership with private companies regarding long term insurance plans.
- An individual may purchase a plan in case of having to stay at an assisted living facility or nursing home.
- More information can be found here:
- http://www.in.gov/idoi/files/What_You_Should_Know_7-2011.pdf



Nursing Homes and Assisted Living

Exemptions

- Question: Is it possible for an assisted living facility or a nursing home to receive a real property and personal property exemption?
- Answer: Yes, it is possible. One such example is an IBTR case from 2010. Greencroft Goshen, Inc. and Greencroft Middlebury, Inc. v. Elkhart County Assessor.



Nursing Homes and Assisted Living

In this case, the petitioners (Greencroft) argued that they qualified for an exemption under IC 6-1.1-10-16 however the local PTABOA denied the request. The property is predominately duplexes with a large senior center near the duplexes. The petitioners contended that the property was 100% tax exempt due to the numerous services they provide without necessarily having a total regard for an individual's ability to pay, in the fact the petitioners alleged that "...no resident had ever been evicted due to their availability to pay".



Nursing Homes and Assisted Living

Continued:

The petitioners also showed that they are a non-profit corporation with an affiliation to the Mennonite Church. The petitioners also showed that many services they provided were discounted to members and even had residents testify on the activities and services the residents received. Finally, the petitioner also argued that they were tax exempt in the past and there was no change in the use of the property since the original tax exemption.



Nursing Homes and Assisted Living

Continued:

The respondent (assessor) argued that the property itself did meet the definition of “charitable” because the actual nursing home and assisted living facility was separate from the property at hand. The respondent contended that the property was merely an “off-campus” community with a “carefree lifestyle” and that since no one under the age of 55 could join, that a property that discriminates on the basis of age could not be found as charitable.



Nursing Homes and Assisted Living

Continued:

The respondent also argued that merely providing services to the elderly, it may not meet the specific intent to serve the needs of the elderly as evidenced in the *Brothers of Holy Cross v. St. Joseph County Property Tax Board of Appeals* in 2007 and that the services may not be as comprehensive as needed as evidenced in *State Board of Tax Commissioners v. Methodist Home for the Aged of the Indiana Conference of the Methodist Church, Inc.* in 1968 because the facility is not completely integrated with the main facility over twenty minutes away (“continuum of care”).



Nursing Homes and Assisted Living

Continued:

The respondent further argued that the record is incomplete about the health services being provided at a discount which do not translate to a charitable purpose. Also, the senior center is used by third parties and not entirely by the petitioner.



Nursing Homes and Assisted Living

Continued:

The IBTR sided with the petitioner due to the following reasons:

- The petitioner's organization derived no profit from services rendered in the operation of the facility and all income sources are devoted to the further operation of the facility.
- The petitioner's organization provided activities (see [Wittenberg Lutheran Village](#) Tax Court case) and access to health facilities needed for the elderly.
- Through this, the petitioner made a prima facie case.



Nursing Homes and Assisted Living

Continued:

The Board further rejected some of the respondent's claims:

- The respondent did not dispute the services provide by the petitioner but just compared the subject property to previous cases that were not necessarily identical to the subject property.
- Also, the Board determined that mere distance between the main campus and the subject property did not violate the “continuum of care”.



Nursing Homes and Assisted Living

Discussion

- The following slides will show how different assessors have approached valuing nursing homes/assisted living facilities in the past.
- The following is not meant as a source of criticism or validate any assessments but rather as a comparison of different assessor's viewpoints.



Nursing Homes and Assisted Living

- It is also important to note that a large amount of nursing homes and assisted living facilities are owned and operated by non-profits and religious organizations, so this issue may occur regularly.



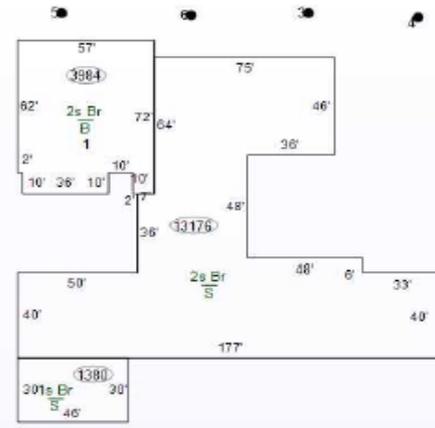
Nursing Homes and Assisted Living

412, Nursing Home & Private Hospital 2/2

General Information			
Occupancy	C/I Building	Pre. Use	Nursing Home
Description	C/I Building C 01	Pre. Framing	Wood Joist
Story Height	2	Pre. Finish	Finished Divided
Type	N/A		
Wall Type	SB 1(278')	B 2(902')	1 2(842')
Heating	3984 sqft	18540 sqft	17160 sqft
A/C		18540 sqft	17160 sqft
Sprinkler		18540 sqft	17160 sqft
Plumbing RES/CI			
Full Bath	0	0	45 135
Half Bath	0	0	0 0
Kitchen Sinks	0	0	
Water Heaters	0	0	
Add Fixtures	0	0	0 0
Total	0	0	45 135

Exterior Features		
Description	Area	Value

Special Features		Other Plumbing	
Description	Value	Description	Value



Floor/Use Computations			
Pricing Key	GCR	GCR	GCR
Use	UTLSTOR	NURSHOM	NURSHOM
Use Area	3984 sqft	18540 sqft	17160 sqft
Area Not in Use	0 sqft	0 sqft	0 sqft
Use %	100.0%	100.0%	100.0%
Eff Perimeter	278'	902'	842'
PAR	7	5	5
# of Units / AC	/ N	/ N	/ N
Avg Unit sz/dpth			
Floor	B	1	2
Wall Height	9'	10'	10'
Base Rate	\$20.86	\$77.28	\$68.08
Frame Adj	\$0.00	\$0.00	\$0.00
Wall Height Adj	\$0.00	\$0.00	\$0.00
Dock Floor	\$0.00	\$0.00	\$0.00
Roof Deck	\$0.00	\$0.00	\$0.00
Adj Base Rate	\$20.86	\$77.28	\$68.08
BPA Factor	1.00	1.00	1.00
Sub Total (rate)	\$20.86	\$77.28	\$68.08
Interior Finish	\$0.00	\$0.00	\$0.00
Partitions	\$0.00	\$0.00	\$0.00
Heating	\$0.00	\$0.00	\$0.00
A/C	\$0.00	\$0.00	\$0.00
Sprinkler	\$0.00	\$3.96	\$3.96
Lighting	\$0.00	\$0.00	\$0.00
Unit Finish/GR	\$0.00	\$0.00	\$0.00
GCK Adj.	\$0.00	\$0.00	\$0.00
S.F. Price	\$20.86	\$81.24	\$80.02
Sub-Total			
Unit Cost	\$0.00	\$0.00	\$0.00
Elevated Floor	\$0.00	\$0.00	\$0.00
Total (Use)	\$82,270	\$1,608,190	\$1,028,948

Building Computations			
Sub-Total (all floors)	\$2,818,402	Garages	\$0
Racquetball/Squash	\$0	Fireplaces	\$0
Theater Balcony	\$0	Sub-Total (building)	\$2,894,402
Plumbing	\$216,000	Quality (Grade)	\$2,976,124
Other Plumbing	\$0	Location Multiplier	1.12
Special Features	\$0	Repl. Cost New	\$8,993,267
Exterior Features	\$0		

Summary of Improvements																				
Description	Res Eligibl	Story Height	Construction	Grade	Year Built	Eff Year	Eff Co Age	nd	Base Rate	LCM	Adj Rate	Size	RCN	Norm Dep	Remain. Value	Abn Obs	PC Nbnhd	Mrkt	Improv Value	
1: C/I Building C 01	0%	2	Brick	C+1	1915	2000	16	A	1.12	1.12			\$3,333,257	37%	\$2,099,950	0%	100%	1.00	1.4400	\$3,023,900
2: Paving C 01	0%	1	Asphalt	C	1968	2000	16	A	\$2.29	1.12	\$2.29	26400 sqft	\$67,711	80%	\$13,540	0%	100%	1.00	1.0000	\$13,500
3: Passenger Elevator - H	0%	1		C	1986	2000	16	A	1.12	1.12			\$73,024	20%	\$58,420	0%	100%	1.00	1.0000	\$58,400
4: CONCP C	0%	1		C	1968	2000	16	A	1.12	1.12		14'x14'	\$1,120	15%	\$950	0%	100%	1.00	1.0000	\$1,000
5: Cold Storage Facility - I	0%	1		C	1989	2000	16	A	1.12	1.12			\$1,086	30%	\$760	0%	100%	1.00	1.0000	\$800
6: Cold Storage Facility - I	0%	1		C	1989	2000	16	A	1.12	1.12			\$258	30%	\$180	0%	100%	1.00	1.0000	\$200
7: Canopies - Commercial	0%	1		C	1968	2000	16	A	1.12	1.12			\$14,818	73%	\$4,000	0%	100%	1.00	1.0000	\$4,000



Nursing Homes and Assisted Living

412, Nursing Home & Private Hospital 8/8

General Information			
Occupancy	C/I Building	Pre. Use	Nursing Home
Description	C/I Building C 05	Pre. Framing	Wood Joist
Story Height	3	Pre. Finish	Finished Divided
Type	N/A		
	SB	B	U
Wall Type		2(1042')	2(2084')
Heating		25908 sqft	51816 sqft
A/C		25908 sqft	51816 sqft
Sprinkler		25908 sqft	51816 sqft

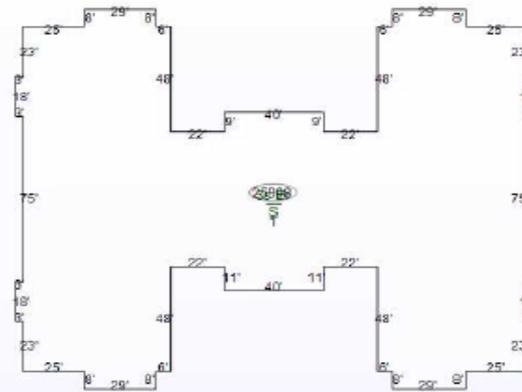
Plumbing RES/CI			
Full Bath	0	0	77 231
Half Bath	0	0	0 0
Kitchen Sinks	0	0	
Water Heaters	0	0	
Add Fixtures	0	0	0 0
Total	0	0	77 231

Roofing			
	<input type="checkbox"/>	Built Up	<input type="checkbox"/>
	<input type="checkbox"/>	Tile	<input type="checkbox"/>
	<input type="checkbox"/>	Metal	<input type="checkbox"/>
	<input type="checkbox"/>	Wood	<input type="checkbox"/>
	<input type="checkbox"/>	Asphalt	<input type="checkbox"/>
	<input type="checkbox"/>	Glate	<input type="checkbox"/>
	<input type="checkbox"/>	Other	<input type="checkbox"/>

GCK Adjustments			
	<input type="checkbox"/>	Low Prof	<input type="checkbox"/>
	<input type="checkbox"/>	Ext Sheat	<input type="checkbox"/>
	<input type="checkbox"/>	Insulatio	<input type="checkbox"/>
	<input type="checkbox"/>	SteelGP	<input type="checkbox"/>
	<input type="checkbox"/>	AluSR	<input type="checkbox"/>
	<input type="checkbox"/>	Int Liner	<input type="checkbox"/>
	<input type="checkbox"/>	HGSR	<input type="checkbox"/>
	<input type="checkbox"/>	PPS	<input type="checkbox"/>
	<input type="checkbox"/>	Sand Pnl	<input type="checkbox"/>

Exterior Features			
Description		Area	Value

Special Features		Other Plumbing	
Description	Value	Description	Value
PE, H	\$22,800	4 x Drink Fount	\$3200
PE, H	\$22,800	61 x Ind Shower Hds	\$24400



Building Computations			
Sub-Total (all floors)	\$4,983,198	Garages	\$0
Racquetball/Squash	\$0	Fireplaces	\$0
Theater Balcony	\$0	Sub-Total (building)	\$6,406,998
Plumbing	\$369,600	Quality (Grade)	\$6,487,196
Other Plumbing	\$27,600	Location Multiplier	1.12
Special Features	\$45,600	Repl. Cost New	\$7,286,868
Exterior Features	\$0		

Floor/Use Computations			
Pricing Key	GCR	GCR	GCR
Use	NURSHOM	NURSHOM	NURSHOM
Use Area	25908 sqft	25908 sqft	25908 sqft
Area Not in Use	0 sqft	0 sqft	0 sqft
Use %	100.0%	100.0%	100.0%
Eff Perimeter	1042'	1042'	1042'
PAR	4	4	4
# of Units / AC	/ N	/ N	/ N
Avg Unit sz(dpth)			
Floor	1	2	3
Wall Height	12'	12'	12'
Base Rate	\$72.34	\$63.98	\$63.98
Frame Adj	\$0.00	\$0.00	\$0.00
Wall Height Adj	\$0.00	\$0.00	\$0.00
Dock Floor	\$0.00	\$0.00	\$0.00
Roof Deck	\$0.00	\$0.00	\$0.00
Adj Base Rate	\$72.34	\$63.98	\$63.98
BPA Factor	1.00	1.00	1.00
Sub Total (rate)	\$72.34	\$63.98	\$63.98
Interior Finish	\$0.00	\$0.00	\$0.00
Partitions	\$0.00	\$0.00	\$0.00
Heating	\$0.00	\$0.00	\$0.00
A/C	\$0.00	\$0.00	\$0.00
Sprinkler	\$3.77	\$3.77	\$3.77
Lighting	\$0.00	\$0.00	\$0.00
Unit Finish/GR	\$0.00	\$0.00	\$0.00
GCK Adj.	\$0.00	\$0.00	\$0.00
S.F. Price	\$78.11	\$67.73	\$67.73
Sub-Total			
Unit Cost	\$0.00	\$0.00	\$0.00
Elevated Floor	\$0.00	\$0.00	\$0.00
Total (Use)	\$1,971,868	\$1,486,888	\$1,486,888

Summary of Improvements																			
Description	Res Eligibl	Story Height	Construction	Grade	Year Built	Eff Year	Eff Co Age	nd	Base Rate	LCM	Adj Rate	Size	RCN	Norm Dep	Remain. Value	Abn Obs	PC Nhbhd Mrkt	Improv Value	
1: C/I Building C 05	0%	3	Brick	B	1996	1996	20	A	1.12	1.12		\$7,265,658	37%	\$4,577,360	0%	100%	1.00 1.4400	\$6,591,400	
2: Paving C 05	0%	1	Asphalt	C	1996	1996	20	A	\$2.50	1.12	\$2.50	8687 sqft	\$24,324	80%	\$4,860	0%	100%	1.00 1.0000	\$4,900
3: EFP C	0%	1	SV	B	1996	1996	20	A	1.12	1.12		180 sqft		50%		0%	100%	1.00 1.0000	\$12,100
4: Canopies - Commercial	0%	1		B	1996	1996	20	A	1.12	1.12			\$39,110	56%	\$17,210	0%	100%	1.00 1.0000	\$17,200



Nursing Homes and Assisted Living

Questions?



Nursing Homes and Assisted Living

Additional resources:

- <https://www.payingforseniorcare.com/medical-aid-waivers/assisted-living.html>
- <https://aspe.hhs.gov/system/files/pdf/110466/15alcom-IN.pdf>



Nursing Homes and Assisted Living

Congratulations, You're done!





Nursing Homes and Assisted Living

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