



150 State Street, Suite 301 Albany, New York 12207-1698 Telephone (518) 449-2707 Fax (518) 455-8908 Web [www.nyahsa.org](http://www.nyahsa.org)

## MEMORANDUM

**TO:** RHCF Members

**FROM:** Dan Heim, Vice President for Public Policy

**DATE:** April 23, 2009

**SUBJECT:** **Clarification on Funded Depreciation**

**ROUTE TO:** Director of Finance

---

**ABSTRACT:** Voluntary nursing homes not required to resume depreciation funding.

NYAHS has just obtained clarification from the Department of Health (DOH) that voluntary nursing homes are not required to resume funding their Medicaid depreciation reimbursement.

Under previous longstanding requirements, voluntary nursing homes were required to annually deposit their Medicaid depreciation reimbursement into a segregated account. The funded depreciation account was, in turn, limited as to its use to either acquiring capital assets or servicing debt.

As part of the advocacy for rebasing, NYAHS pushed for waiver of the requirement for voluntary facilities to continue to annually fund their depreciation reimbursement. As a result, Public Health Law Section 2808 (2-b), which authorized rebasing, waived the requirement for depreciation funding. As a result, voluntary facilities were not required to fund their Medicaid depreciation reimbursement in either 2007 or 2008.

However, it was unclear whether the repeal of the rebasing legislation effective March 31, 2010 in the recently enacted 2009-10 state budget would in any way result in resumption of depreciation funding requirements. NYAHS asked DOH's Bureau of Long Term Care Reimbursement to clarify the situation. We have been advised that under current statute, voluntary facilities are not required to fund depreciation for 2009 or thereafter.

If you have any questions, please contact me at [dheim@nyahsa.org](mailto:dheim@nyahsa.org) or 518-449-2707 ext. 128.