

## Applications for Rate Adjustments Pursuant to V.D.R.S.R. §8

This Practice and Procedure Issuance prescribes the procedures and forms to be used by nursing facilities when applying for rate adjustments pursuant to V.D.R.S.R. §8. Because V.D.R.S.R. §8 allows rate adjustment for a variety of special circumstances, a number of forms are required. Instructions are provided for each type of rate adjustment, and providers should follow the instructions for the particular type of adjustment for which they are applying. However, some general rules apply to all adjustments.

### I. GENERAL CONSIDERATIONS

1. No provider has a **right** to a rate adjustment under V.D.R.S.R. §8. **Approval of any application is at the sole discretion of the Director**, who may grant or deny or modify the provider's the adjustment applied for. V.D.R.S.R. §8.7(a) and (e).

2. **The burden of proof is always on the applicant** to prove the facts which support the application and to show that the costs for which the adjustment has been requested are reasonable, necessary and related to resident care. It is up to the provider to see that its application is supported with sufficient factual material. The Division has no obligation to request additional material and **may deny the application if the provider does not provide the necessary factual support at the time the application is filed.** V.D.R.S.R. §8.7(c), (d) and (e).

3. Applicants should bear in mind that **only the provider's incremental per diem costs will be considered in calculating an adjustment.** Per diem incremental costs are equal to the **difference** between the relevant per diem base year expenses (as adjusted to date by the appropriate inflation factors) and the per diem costs incurred or expected to be incurred as a direct result of change in circumstances that gives rise to the application. (Providers may seek the assistance of the Division in determining the appropriate inflation factors.)

4. Where the additional costs result from the purchase of goods or services, providers must demonstrate that they have complied with the requirements of V.D.R.S.R. §2.2 relating to procurement standards.

5. No Provider should apply for a rate adjustment unless the change to the rate resulting from the adjustment would be **at least one percent** of the total Medicaid rate being paid to the provider at the time the application is filed.

6. If granted, the change in rates will be effective at the time of the next quarterly case-mix rate revision following approval of the adjustment.

**Applications for Rate Adjustments Pursuant to V.D.R.S.R. §8 (cont.)**

**II. INSTRUCTIONS**

**V.D.R.S.R. §8.1(a) - New Institutional Health Service Pursuant to CON**

Providers with additional costs incurred pursuant to a Certificate of Need (CON) issued by the Vermont Health Authority (or its predecessor) may apply for a rate adjustment.

1. Applicants should use the following forms:

- (a) *Application for Rate Adjustment Pursuant to V.D.R.S.R. §8 (Form 93-3.13F)*
- (b) *Reasons for Rate Adjustment (Form 93-3.14F)*
- (c) *Calculation of Proposed Adjustment (Form 93-3.20F)*
- (d) *Exhibit List (Form 93-3.21F)*

2. In addition to the other questions on Form 93-3.14F, *Reasons for Rate Adjustment*, the provider must complete all the questions in box 2 and supply the required supporting materials, including copies of the CON and any amendments to the CON.

3. Applicants should bear in mind that only those **allowable costs actually incurred** by the provider will be considered in calculating the adjustment. Pursuant to V.D.R.S.R. §8.1(a), costs in excess of those approved in the CON, or in an amendment approving cost overruns, (as adjusted for inflation) will not be recognized. (Providers may seek the assistance of the Division in determining the appropriate inflation factor.)

If the costs incurred pursuant to the CON supersede certain base year costs, **only the incremental costs are recognized in calculating rate adjustments**. For instance, if the CON was a new wing for the facility, all the costs would become the basis for the adjustment. If, however, the new construction replaced an old wing, then only the **difference** in the rate impact of the costs of the new and old wings will be included in the adjustment.

The following documents must be provided and listed on Form 93-3.21F, *Exhibit List*:

- (a) Balance sheet (or trial balance) for the most recently completed month.
- (b) The CON and any amendments.
- (c) Workpapers showing how the original capital costs and projected operation costs on which the CON and amendments were calculated.

**Applications for Rate Adjustments Pursuant to V.D.R.S.R. §8 (cont.)**

- (d) Workpapers showing how the actual capital costs of the project were calculated.
- (e) Workpapers showing how the budgeted operating costs were calculated.
- (f) Workpapers showing relevant base year costs (if any) and the calculations of the incremental costs.
- (g) Supporting evidence, such as bills and invoices.

4. The provider should use the calculations from these workpapers when completing Form 93-3.20F, *Calculation of Proposed Adjustment*:

- (a) The rate components as shown on the providers most recent rate certificate should be used to complete Column (1) and the total should equal the provider's current rate.
- (b) Column (2) should consist of the rate components, including the proposed adjustments based on the providers new incremental costs. Providers should bear in mind that the cost in the Nursing Care, Resident Care, and Indirect categories is not permitted to exceed the limits for those categories. (Current cost limits may be obtained from the Division.)
- (c) Column (3) is the difference between Column (1) and Column (2). For the materiality test, required by V.D.R.S.R. §8.7(b), calculate one percent of the current rate (total of Column (1)) and compare it to the total in Column (3). **If the total in Column (3) is smaller than one percent of the current rate, the provider is not eligible for a rate adjustment** and should not apply.

**V.D.R.S.R. §8.1(b) - Change in services or facility not subject to CON**

A provider may apply for a rate adjustment for additional costs related to a change in services for which a CON is not required, but only if the change in services has been **previously approved** by the Division. The application for this rate adjustment is made in two steps. First, the provider must request prior approval for the project, which should be sought **prior to making any irrevocable commitment to expenditures**. V.D.R.S.R. §§8.1(b), 8.7(g). Then, after approval is received and the expenditures have been made, the provider must file for rate recognition of the change.

**Applications for Rate Adjustments Pursuant to V.D.R.S.R. §8 (cont.)**

**Step 1 - PRIOR APPROVAL**

1. Applicants should use the following forms:

- (a) *Application for Prior Approval for Rate Adjustment (Form 93-3.12F)*
- (b) *Reasons for Rate Adjustment (Form 93-3.14F)*
- (c) *Calculation of Proposed Adjustment (Form 93-3.20F)*
- (d) *Exhibit List (Form 93-3.21F)*

2. On Form 93-3.14F, *Reasons for Rate Adjustment*, the provider must complete all applicable questions, including a comprehensive description of the project and a detailed explanation of the reasons for its implementation.

3. For the purposes of requesting prior approval providers should make their best estimates of the costs of the project. However, applicants should bear in mind that only those allowable incremental costs actually incurred by the provider will be recognized in making the adjustment. These costs may be limited to the projections on which the prior approval is based. The following documents must be provided and listed on Form 93-3.21F, *Exhibit List*:

- (a) Balance sheet (or trial balance) for the most recently completed month.
- (b) Workpapers showing how the projected capital costs were derived, supported by written estimates for goods and services.
- (c) Workpapers showing how the budgeted operating costs were calculated.
- (d) Workpapers showing relevant base year costs (if any) and the calculations of the incremental costs.

4. The provider should use the calculations from the workpapers when completing Form 93-3.20F, *Calculation of Proposed Adjustment*, which should be done according to the instructions on page 93-3.3, paragraph 4. **Column (2) should include the rate components, with the proposed adjustments, which shall consist only of the provider's incremental costs.**

**Applications for Rate Adjustments Pursuant to V.D.R.S.R. §8 (cont.)**

**Step 2 - APPLICATION FOR RATE ADJUSTMENT FOR PREVIOUSLY APPROVED PROJECT**

1. Applicants should use the following forms:

- (a) *Application for Rate Adjustment Pursuant to V.D.R.S.R. §8 (Form 93-3.13F)*
- (b) *Previously Approved Rate Adjustment (Form 93-3.19F)*
- (c) may also require revised *Calculation of Proposed Adjustment (Form 93-3.20F)*

2. Providers must complete all sections of Form 93-3.19F, *Previously Approved Rate Adjustment*. If the actual capital costs of the project and the budgeted operating expenses (if any) are the same as those previously approved by the Division, the provider need submit only the following documents, which should be listed as exhibits on this form:

- (a) Balance sheet (or trial balance) for the most recently completed month.
- (b) Bills, invoices, and other proofs of actual expenditures.

3. If the actual capital costs of the project are different from the estimated costs previously approved by the Division, or if there has been a change in the budgeted operating expenses, the provider must also file a revised Form 93-3.20F, *Calculation of Proposed Adjustment*, which reflects these cost changes. (See above at page 93-3.3, paragraph 4, for instructions.) Supporting workpapers must also be submitted and listed as exhibits on Form 93-3.19F, *Previously Approved Rate Adjustment*.

**V.D.R.S.R. §§8.1(c) - Reduction in the Number of Licensed Beds**

A provider may apply for a rate adjustment for additional per diem costs which may result from a reduction in the number of licensed beds, but only if this rate adjustment has been **previously approved** by the Division. The application for this rate adjustment is made in two steps. First, the provider must request prior approval for the project, which should be sought **before making any changes in the facility's license or any related commitment to expenditures**. V.D.R.S.R. §§8.1(c), 8.7(g). Then, after approval is received and the changes in licensure have been made, the provider must file for rate recognition of the change.

The instructions for this two step procedure are found on pages 93-3.4 to 93-3.5.

**Applications for Rate Adjustments Pursuant to V.D.R.S.R. §8 (cont.)**

**V.D.R.S.R. §8.2 - Change in the Law**

Providers may apply for a rate adjustment for additional costs that are a necessary result of complying with changes in federal and state statutes, rules or regulations, or orders of a State agency that specifically require an increase in staff or other expenditures. V.D.R.S.R. §8.2. The provider will be expected to demonstrate a causal relationship between compliance with the change in law or the order and the increase in costs.

1. Applicants should use the following forms:

- (a) *Application for Rate Adjustment Pursuant to V.D.R.S.R. §8 (Form 93-3.13F)*
- (b) *Reasons for Rate Adjustment (Form 93-3.15F)*
- (c) *Calculation of Proposed Adjustment (Form 93-3.20F)*
- (d) *Exhibit List (Form 93-3.21F)*

2. On Form 93-3.15F, *Reasons for Rate Adjustment*, in box 1, the provider must cite the law or order and attach a copy of the text. In box 2, the provider must **describe in detail how this change has caused or will cause the provider to incur incremental costs.**

3. The following documents must be provided and listed on Form 93-3.21F, *Exhibit List*:

- (a) Balance sheet (or trial balance) for the most recently completed month.
- (b) The text of the relevant statute, rule or regulation, or order.
- (c) Workpapers showing the costs of compliance.
- (d) Workpapers showing relevant base year costs (if any) and how the incremental costs are calculated.

4. The provider should use the calculations from the workpapers when completing Form 93-3.20F, *Calculation of Proposed Adjustment*, which should be done according to the instructions on page 93-3.3, paragraph 4. **Column (2) should include the rate components, with the proposed adjustments, which shall consist only of the provider's incremental costs.**

**Applications for Rate Adjustments Pursuant to V.D.R.S.R. §8 (cont.)**

**V.D.R.S.R. §8.3 - Receivership**

Providers may apply for a rate adjustment for the necessary and additional costs incurred as a result of a receivership. The application must be made by the receiver, who must be appointed pursuant to state and/or federal law. V.D.R.S.R. §8.3(a).

1. Applicants should use the following forms:

- (a) *Application for Rate Adjustment Pursuant to V.D.R.S.R. §8 (Form 93-3.13F)*
- (b) *Reasons for Rate Adjustment (Form 93-3.16F)*
- (c) *Calculation of Proposed Adjustment (Form 93-3.20F)*
- (d) *Exhibit List (Form 93-3.21F)*

2. On Form 93-3.16F, *Reasons for Rate Adjustment*, in box 1, the receiver must cite the provision of law under which she or he has been appointed. In box 4, the receiver must **describe in detail the services that she or he is providing and the expected costs of those services.** In box 5, the receiver must list and describe any of these kind of services that were obtained by the facility in the base year and must calculate the costs as inflated to the current period. (The receiver may seek the assistance of the Division in determining the appropriate inflation factors.) Workpapers must be attached showing how the costs in boxes 4 and 5 are calculated.

3. Applicants should bear in mind that **only the incremental costs of the receivership will be considered in calculating the adjustment.** Incremental costs are equal to the difference between the per diem base year expenses (as adjusted to date by the appropriate inflation factors) and per diem the costs incurred or expected to be incurred as a direct result of the receivership. The following documents must be provided and listed on Form 93-3.21F, *Exhibit List*:

- (a) Balance sheet (or trial balance) for the most recently completed month.
- (b) The documents evidencing the appointment of the receiver.
- (c) Workpapers describing the receiver's services and showing the costs for each service.

### **Applications for Rate Adjustments Pursuant to V.D.R.S.R. §8 (cont.)**

(d) Workpapers showing the base year costs of the services currently being performed by the receiver.

(e) Workpapers showing how the incremental costs are calculated.

4. The provider should use the workpapers showing the incremental costs when completing Form 93-3.20F, *Calculation of Proposed Adjustment*, which should be done according to the instructions on page 93-3.3, paragraph 4. **Column (2) should include the rate components, with the proposed adjustments, which shall consist only of the provider's incremental costs.**

#### **V.D.R.S.R. §8.4 - Efficiency Measures**

A provider may apply for a rate adjustment for additional per diem costs which are directly related to the installation of energy conservation devices or the implementation of other efficiency measures, but only if the project has been **previously approved** by the Division. V.D.R.S.R. §8.4. The application for this rate adjustment is made in two steps. First, the provider must request prior approval for the project, which should be sought **prior to making any irrevocable commitment to expenditures.** V.D.R.S.R. §§8.4, 8.7(g). Then, after approval is received and the improvements have been made, the provider must file for rate recognition of the change.

The instructions for this two step procedure are found on pages 93-3.4 to 93-3.5.

#### **V.D.R.S.R. §8.5 - Interest Rates**

Providers may apply for any adjustment to the Property and Related rate component if they experience cumulative interest rate fluctuations on any Property and Related loan of more than 0.5 percentage point for any of the following reasons: (1) the loan agreement has a balloon payment or a refinancing clause that forces a mortgage to be refinanced at a different interest rate or (2) because of interest rate changes on a variable rate mortgage. V.D.R.S.R. §8.5(a). Interest costs related to working capital indebtedness are not eligible for rate adjustments. V.D.R.S.R. §8.5.



**Applications for Rate Adjustments Pursuant to V.D.R.S.R. §8 (cont.)**

1. Applicants should use the following forms:

- (a) *Application for Rate Adjustment Pursuant to V.D.R.S.R. §8 (Form 93-3.13F)*
- (b) *Reasons for Rate Adjustment (Form 93-3.17F)*
- (c) *Calculation of Proposed Adjustment (Form 93-3.20F)*
- (d) *Exhibit List (Form 93-3.21F)*

2. On Form 93-3.17F, *Reasons for Rate Adjustment*, the provider must list all borrowing used as the basis for the calculation of the most recent Property and Related rate component. The provider must also include other information for each loan:

**Columns (1)-(3) relate to the loan as it was included in the cost report on which the facility's current Property and Related rate component is based:**

- Column (1) - the balance on the note at the end of the cost reporting period.
- Column (2) - the monthly payments at the end of the same period.
- Column (3) - interest rate at the end of the same period.

**Columns (4)-(6) relate to the current status of the loan:**

- Column (4) - the current balance.
- Column (5) - the current monthly payments.
- Column (6) - the current interest rate

**Column (7) shows the change in interest rates; subtract Column (6) from Column (3).**

3. Applicants should bear in mind that **only the net additional increases in interest costs on necessary and allowable Property and Related borrowings will be included in the rate adjustment.** The following documents must be provided and listed on Form 93-3.21F, *Exhibit List*:

- (a) Balance sheet (or trial balance) for the most recently completed month.
- (b) Workpaper showing outstanding loans to owners.
- (c) Workpaper showing the net changes in allowable interest payments. Allowable interest payments do not include payments on unnecessary borrowing. The total net change should be used for calculating the Proposed Adjustment.

**Applications for Rate Adjustments Pursuant to V.D.R.S.R. §8 (cont.)**

4. The provider should use the workpapers showing the total net change in interest payments when completing Form 93-3.20F, *Calculation of Proposed Adjustment*, which should be done according to the instructions on page 93-3.3, paragraph 4. **Column (2) should include the rate components, with the proposed adjustments to Property and Related, which shall consist only of the provider's incremental costs.**

**Providers with interest rate adjustments are required to notify the Division of any changes in the interest rate within 10 days of its receipt of notice of that change.** The Division may rescind all interest rate adjustments for any provider failing to file a timely notification for a period of up to two years. V.D.R.S.R. §8.5(b).

**V.D.R.S.R. §8.6 - Emergencies and Unforeseeable Circumstances**

Providers may apply for a rate adjustment for increases in costs resulting from emergencies and unforeseeable circumstances. V.D.R.S.R. §8.6(a). This provision applies to circumstances that would be characterized by insurers and/or the courts as an "act of God".

**Providers are expected to carry sufficient insurance against the normal risks inherent in the business of running a nursing facility**, such as fire, flood, liability, business interruption, etc. V.D.R.S.R. §8.6(b). Costs which should have been covered by insurance cannot be the basis for a rate adjustment, irrespective of whether or not the provider was actually insured. Nor will a rate adjustment be available for costs which are the result of the provider's failure in operational management, negligence, or failure to make timely repairs or regular maintenance of the facility.

**A rate adjustment is not available for the sole reason that the actual costs incurred by a provider happen to exceed its Medicaid payment rate.** V.D.R.S.R. §8.6(c).

1. Applicants should use the following forms:

- (a) ***Application for Rate Adjustment Pursuant to V.D.R.S.R. §8 (Form 93-3.13F)***
- (b) ***Reasons for Rate Adjustment (Form 93-3.18F)***
- (c) ***Calculation of Proposed Adjustment (Form 93-3.20F)***
- (d) ***Exhibit List (Form 93-3.21F)***

2. On Form 93-3.18F, *Reasons for Rate Adjustment*, in box 1, the provider must include details about the incident which gives rise to the increased costs. In box 2, describe in detail the

**Applications for Rate Adjustments Pursuant to V.D.R.S.R. §8 (cont.)**

costs which have resulted from the event and which of those costs were not covered by insurance. In box 4, explain why those costs were not covered by insurance.

3. Applicants should bear in mind that **only the provider's incremental costs will be considered in calculating the adjustment.** Incremental costs are equal to the difference between the per diem base year costs (as adjusted to date by the appropriate inflation factors) and the per diem costs, which are not reimbursed by insurance, incurred or expected to be incurred as a direct result of the incident. (Providers may seek the assistance of the Division in determining the appropriate inflation factors.) The following documents must be provided and listed on Form 93-3.21F, *Exhibit List*:

- (a) Balance sheet (or trial balance) for the most recently completed month.
- (b) Copies of all property, casualty, business interruption, flood, and liability policies and all claims made relating to this incident and the insurers responses.
- (c) Insurance adjusters reports, damage estimated, etc.
- (d) Evidence of actual expenditures, such as bills and invoices.
- (e) Workpapers showing how the incremental costs are calculated.

4. The provider should use the calculations from the workpapers when completing Form 93-3.20F, *Calculation of Proposed Adjustment* which should be done according to the instructions on page 93-3.3, paragraph 4. **Column (2) should include the rate components, with the proposed adjustments, which shall consist only of the provider's incremental costs.**

Effective: May 20, 1993

s/Ruth Rivers  
Ruth Rivers  
Director

## APPLICATION FOR PRIOR APPROVAL FOR RATE ADJUSTMENT V.D.R.S.R. §§ 8.1(b), 8.1(c), or 8.4

**IMPORTANT: Providers are advised not to make any commitment to expenditures before they receive approval for the rate adjustment requested.**

Application for Prior Approval of Rate Adjustment for _____ <small>(facility name)</small>		
DRS Ref. No. _____ (To be assigned by the Division)		
<b>Check one only</b>	I hereby request prior approval for an adjustment to the current rate of the above referenced provider, pursuant to <div style="text-align: center; background-color: #e0e0e0; padding: 5px;"><b>V.D.R.S.R. §</b></div>	<b>Required Schedules</b>
	<b>§8.1(b) Change in services or facility not subject to CON</b>	<i>Reasons for Rate Adjustment (Form 93-3.14F)</i> <i>Calculation of Proposed Adjustment (Form 93-3.20F)</i> <i>Exhibit List (Form 93-3.21F)</i>
	<b>§8.1(c) Reduction in the number of licensed beds</b>	
	<b>§8.4 Efficiency measures</b>	
I have attached <i>all</i> the required schedules as follows:  <input type="checkbox"/> <i>Reasons for Rate Adjustment (Form 93-3.14F)</i> <input type="checkbox"/> <i>Calculation of Proposed Adjustment (Form 93-3.20F)</i> <input type="checkbox"/> <i>Exhibit List (Form 93-3.21F)</i>		
I am the representative of the above referenced provider for this matter, pursuant to a Notice of Representation, dated _____ and filed with the Division. I understand that all correspondence on this matter will be sent to me.  Signature: _____  Date: _____		Name and Address of Representative:    Telephone No.:

For Division of Rate Setting use only.

Request filed on : <small>(date stamp)</small>	cc: Provider's Representative on _____
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**Agency of Human Services  
Division of Rate Setting  
103 South Main Street  
Waterbury, Vermont 05671-2201**

**APPLICATION FOR RATE ADJUSTMENT  
PURSUANT TO V.D.R.S.R. §8**

Application for Rate Adjustment for _____ <small>(facility name)</small>		
DRS Ref. No. _____ <small>(To be assigned by the Division)</small>		
<b>Check one only</b>	I hereby request an adjustment to the current rate of the above referenced provider, pursuant to  <b>V.D.R.S.R. §</b>	<b>Required Schedules</b>
	§8.1(a) New institutional health service pursuant to CON	<i>Reasons for Rate Adjustment (Form 93-3.14F), Calculation of Proposed Adjustment (Form 93-3.20F), Exhibit List (Form 93-3.21F)</i>
	§8.1(b) Change in services or facility not subject to CON	<i>Previously Approved Rate Adjustment (Form 93-3.19F), may also require revised Calculation of Proposed Adjustment (Form 93-3.20F)</i>
	§8.1(c) Reduction in the number of licensed beds	<i>Previously Approved Rate Adjustment (Form 93-3.19F), may also require revised Calculation of Proposed Adjustment (Form 93-3.20F)</i>
	§8.2 Change in law	<i>Reasons for Rate Adjustment (Form 93-3.15F), Calculation of Proposed Adjustment (Form 93-3.20F), Exhibit List (Form 93-3.21F)</i>
	§8.3 Receivership	<i>Reasons for Rate Adjustment (Form 93-3.16F), Calculation of Proposed Adjustment (Form 93-3.20F), Exhibit List (Form 93-3.21F)</i>
	§8.4 Efficiency measures	<i>Previously Approved Rate Adjustment (Form 93-3.19F), may also require revised Calculation of Proposed Adjustment (Form 93-3.20F)</i>
	§8.5 Interest rates	<i>Reasons for Rate Adjustment (Form 93-3.17F), Calculation of Proposed Adjustment (Form 93-3.20F), Exhibit List (Form 93-3.21F)</i>
	§8.6 Emergencies and Unforeseeable Circumstances	<i>Reasons for Rate Adjustment (Form 93-3.18F), Calculation of Proposed Adjustment (Form 93-3.20F), Exhibit List (Form 93-3.21F)</i>
I have attached <i>all</i> the required schedules as follows:		
I am the representative of the above referenced provider for this matter, pursuant to a Notice of Representation, dated _____ and filed with the Division. I understand that all correspondence on this matter will be sent to me.	Name and Address of Representative:	
Signature: _____		
Date: _____	Telephone No.:	

For Division of Rate Setting use only.

Application filed on : <small>(date stamp)</small>	cc: Provider's Representative on _____.
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**Reasons for Rate Adjustment**  
**V.D.R.S.R. §8.1(a) New Services- CON, §8.1(b) New Services - no CON,**  
**§8.1(c) Reduction in Licensed Beds, or §8.4 Efficiency Measures**  
(Application for Rate Adjustment)

Application for Rate Adjustment for \_\_\_\_\_, pursuant to V.D.R.S.R. § \_\_\_\_\_.  
(facility name)

1. Describe the change in services or the efficiency measures and give the reasons therefor.

2. Does the provider have a CON for this project?  Yes.  No.

If yes, answer the rest of the questions in this box first. If no, go directly to box 3.

The CON, the CON application, and other workpapers showing the projected costs on which the CON approval was based are attached as Exhibit No(s). \_\_\_\_\_. If the CON was amended to allow for cost overruns, attach the documents evidencing that approval and workpapers showing how the new approved costs were derived.

Are the costs which are the basis for this application higher than those approved in the CON (or in an amendment to the CON) as adjusted for inflation?  No.  Yes. If yes, explain this discrepancy and provide workpapers as Exhibit No. \_\_\_\_\_.

3. What steps were taken to ensure that the acquisition of goods or services used meets the requirements of V.D.R.S.R. §2.2 relating to procurement standards? A description of the process and competing bid documents and/or estimates are attached as Exhibit Nos. \_\_\_\_\_.

4. When did (or will) the provider begin incurring the additional costs? Date: \_\_\_\_\_.

Is there a change in the number of licensed beds?  No.  Yes, from \_\_\_\_\_ to \_\_\_\_\_.

Number of resident days in the base year. \_\_\_\_\_.

Number of estimated resident days per year after change in service is implemented. \_\_\_\_\_.

Only net **additional** allowable costs not incurred in the base year will be considered in making the adjustment. The calculation of the net change must take into account changes in operating costs (including savings, if any), in addition to increases in property and related costs. Workpapers for these calculations are included as Exhibit No. \_\_\_\_\_.

You may use additional sheets, if necessary. Are additional sheets attached?  No.  Yes. If yes, how many? \_\_\_\_\_

**Reasons for Rate Adjustment**  
**V.D.R.S.R. §8.2, Change in Law**  
(Application for Rate Adjustment)

Application for Rate Adjustment for \_\_\_\_\_, pursuant to V.D.R.S.R. §8.2.  
(facility name)

1. Citation to the applicable federal or state statute or regulation, or order of a state agency. A copy of the relevant document is attached as Exhibit No. \_\_\_\_\_.

Effective date of statute, regulation, or order: \_\_\_\_\_.

2. Describe the effect of the change in law or order on the provider's operations. When did (or will) the provider begin incurring the additional costs? Date: \_\_\_\_\_.

3. What steps were taken to ensure that the acquisition of goods or services used meets the requirements of V.D.R.S.R. §2.2 relating to procurement standards? A description of the process and competing bid documents and/or estimates are attached as Exhibit Nos. \_\_\_\_\_.

You may use additional sheets, if necessary. Are additional sheets attached?  No.  Yes. If yes, how many? \_\_\_\_\_

Only **additional** allowable costs not incurred in the base year will be considered in making the adjustment. Workpapers showing the calculations of these incremental costs are included as Exhibit No. \_\_\_\_\_.)

**Reasons for Rate Adjustment**  
**V.D.R.S.R. §8.3, Receivership**  
(Application for Rate Adjustment)

Application for Rate Adjustment for \_\_\_\_\_, pursuant to V.D.R.S.R. §8.3.  
(facility name)

1. A receiver has been appointed for the above referenced facility pursuant to the following provision of state or federal law: (cite provision)

The documents evidencing the appointment are attached as Exhibit No. \_\_\_\_\_ :

2. Name and Address of Receiver:

3. Effective date of the appointment is \_\_\_\_\_.  
The receivership is expected to end on \_\_\_\_\_.

When will the facility begin incurring additional costs as a result of the receivership? Date: \_\_\_\_\_.

Telephone No.:

FAX No.:

4. Describe the services to be performed by the receiver for the provider and identify the associated costs.

5. Will the receiver perform any duties that were included in the costs of the facility in the base year, such as management, supervision, accounting, nursing, etc.? If yes, describe those duties and calculate the base year costs associated with them. (The per diem base year costs should be inflated to the current rate period.)

You may use additional sheets, if necessary. Are additional sheets attached?  No.  Yes. If yes, how many? \_\_\_\_\_

Only **additional** costs not incurred in the base year will be considered in making the adjustment. Workpapers for these calculations are included as Exhibit No. \_\_\_\_\_.



**Reasons for Rate Adjustment**  
**V.D.R.S.R. §8.5, Interest Rates**  
 (Application for Rate Adjustment)

Application for Rate Adjustment for \_\_\_\_\_, pursuant to V.D.R.S.R. §8.5  
(facility name)

**Interest Rate Materiality Test**

If no loan has a cumulative interest rate increase of more than one-half of one percentage point, do not apply. Application must also pass the 1.0 percent materiality test on the *Calculation of Proposed Adjustment*, Form 93-3.20F.

Identify and list all borrowing included in the most recent Property and Related Rate Component as reported in the Cost Report for the year ended _____	(1) Balance on note at time of inclusion in Property and Related rate component	(2) Monthly payments at end of cost reporting period	(3) Interest rate at end of cost reporting period	(4) Current balance on note	(5) Current monthly payment	(6) Current interest rate	(7) Change in interest rates Col. (6)-(3)
	\$	\$	%	\$	\$	%	

You may use additional sheets, if necessary. Are additional sheets attached?  No.  Yes. If yes, how many? \_\_\_\_\_

Only net **additional** allowable costs not included in the current Property and Related cost category will be considered in making the adjustment. The calculation of the net change must take into account both increases and decreases in interest paid. Workpapers showing these calculations are included as Exhibit No. \_\_\_\_\_.

**Reasons for Rate Adjustment**  
**V.D.R.S.R. §8.6, Emergencies and Unforeseeable Circumstances**  
(Application for Rate Adjustment)

**Important: An adjustment is not available for the sole reason that actual costs incurred by the facility exceed the rate of payment.**

Application for Rate Adjustment for \_\_\_\_\_, pursuant to V.D.R.S.R. §8.6.  
(facility name)

1. Describe the emergency or unforeseeable circumstances.

2. List the costs that were (will be) incurred by the provider on account of the emergency or unforeseen circumstance.

When did (or will) the provider begin incurring the additional costs? Date: \_\_\_\_\_.

3. What steps were taken to ensure that the acquisition of goods or services used meets the requirements of V.D.R.S.R. §2.2 relating to procurement standards? A description of the process and competing bid documents and/or estimates are attached as Exhibit Nos. \_\_\_\_\_.

4. Why were these costs not covered by insurance?

Provide copies of all property, casualty, business interruption, flood, and liability insurance policies, claims relating to this incident and insurer's responses. Exhibit Nos. \_\_\_\_\_.

You may use additional sheets, if necessary. Are additional sheets attached?  No.  Yes. If yes, how many? \_\_\_\_\_

Only net **additional** allowable costs not incurred in the base year will be considered in making the adjustment. The calculation of the net change must take into account changes in operating costs and property and related costs. Workpapers for these calculations are included as Exhibit No. \_\_\_\_\_.

**Previously Approved Rate Adjustment, Pursuant to V.D.R.S.R. §§8.1(b), 8.1(c), or 8.4**  
(Application for Rate Adjustment)

Application for Rate Adjustment for \_\_\_\_\_  
(facility name)

This adjustment was pre-approved, pursuant to V.D.R.S.R.  <input type="checkbox"/> §8.1(b) <input type="checkbox"/> §8.1(c) <input type="checkbox"/> §8.4	Prior approval was granted by the Division on  Date: _____  DRS Ref. No. _____
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Date on which the change in services was implemented or on which the asset was (or will be) put into service.  
 \_\_\_\_\_.

Has there been any change in the estimated costs previously approved by the Division.  No.  Yes. If yes, attach a revised schedule *Calculation of Proposed Adjustment* (Form 93-3.20F), and give an explanation of the reason for the changes below:

Exhibit No.	List and attach copies of documents or other proofs confirming the implementation of the change for which prior approval has been granted. (For instance, invoices, purchase orders, loan notes, etc. It is not necessary to include exhibits previously filed with the <i>Application for Prior Approval</i> , Form 93-3.12F)
1	Balance sheet (or trial balance) for the most recently completed month, ending _____.

You may use additional sheets, if necessary. Are additional sheets attached?  No.  Yes. If yes, how many? \_\_\_\_\_

## Calculation of Proposed Adjustment

(Application for Rate Adjustment)

Application for Rate Adjustment for \_\_\_\_\_, pursuant to V.D.R.S.R. § \_\_\_\_\_.  
(facility name)

**Important: Categories marked with an asterisk \* are subject to limits on costs. Approval of a rate adjustment will not be permitted to increase costs in any category above the limits for that category.**

Rate Components	(1) Provider's Current Rate Components per diem	(2) New Per Diem Rate Components after Adjustment (may not exceed limits)	(3) Proposed Rate Adjustment by Cost Category	Supporting Work Papers must be provided (references as in Exhibit List)
		<input type="checkbox"/> based on Actual Costs <input type="checkbox"/> based on Estimated Costs		
Nursing Care*				
Director of Nursing				
Resident Care*				
Indirect*				
Efficiency Incentive				
Ancillary				
Property and Related				
Return on Equity				
OBRA Adjustment				
Other Adjustments				
<b>TOTAL</b>				

Estimated annual resident days during prospective rate year.

### Materiality Test

If the Total Proposed Rate Adjustment in Column (3) is smaller than 1.0 percent of provider's Total Current Rate, **do not apply**. V.D.R.S.R. §8.7(b).

**1% of  
Total Current Rate  
(multiply total for  
Column (1) by 0.01)**

**\$**

**Exhibit List**  
(Application for Rate Adjustment)

Application for Rate Adjustment for \_\_\_\_\_, pursuant to V.D.R.S.R. § \_\_\_\_\_.  
(facility name)

Exhibit No.	Description of Documents, Workpapers and other Proof Supporting the Application
1	Balance sheet (or trial balance) for most recently completed month ending _____.

You may use additional sheets, if necessary. Are additional sheets attached?  No.  Yes. If yes, how many? \_\_\_\_\_