

Overview on Reducing Nursing Home Bed Capacity Process

There may be several reasons nursing homes decide to reduce their overall bed capacity. This resource provides an overview of the steps in the process.

Timing limitations for certified bed reduction:

Changes to certified beds must take effect on the first day of the cost reporting year or on the first day of a cost reporting quarter. Changes can only be made up to two times per cost reporting year. However, if a change impacts the size of a SNF and NF, this change represents two changes. Therefore, this will be the only allowable change in the cost reporting year.

Considerations:

LeadingAge Iowa advises members to work with their cost-report preparer to determine the impact of reducing bed capacity. For example, providers may consider reducing bed capacity to meet the 85% threshold for Medicaid payments (for July 1, 2023, to June 30, 2025, a 70% threshold has been approved by Legislation). However, this may not reduce your overall Medicaid compensation. It is best to understand the implications with your cost-report preparer.

In addition, it is recommended to consult with your legal counsel. Legal counsel will be able to review the guidelines and ensure that you're in compliance with providing advance notice as required.

Instructions:

No later than 45-days in advance of anticipated bed reduction, the nursing home must submit notice to Department of Inspections, Appeals and Licensing, **Health and Safety Division**. The following documents are required via email:

1. A letter of intent with effective date, including a statement validating de-licensure of unoccupied beds and cost reporting period.
2. Amended [License Application](#).
3. Schematic Floor Plan indicating which beds are to be delicensed.

No later than 30 days in advance of anticipated bed reduction, the nursing home must submit notice to Department of Inspections, Appeals, and Licensing, **Licensing Division** (Certificate of Need). Completion of the [Bed Reduction](#) form is required.

Note: DIAL notifies the Center for Medicare and Medicaid Services (CMS) on the reduction in capacity. Therefore, no additional notification is required.