

# MEMORANDUM

## Texas Department of Human Services \* Long Term Care/Policy

**TO:** LTC-R Regional Directors  
Section/Unit Managers

**FROM:** Marc Gold  
Section Manager  
Long Term Care-Policy  
State Office MC: W-519

**SUBJECT:** Regional Survey & Certification Letter #98-21

**DATE:** February 5, 1999

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The attached RS&C Letter is being provided to you for information purposes and should be shared with all professional staff.

- RS&C Letter No. 98-21 -- Distinct Part Skilled Nursing Facility Beds; Call Beverly Tucker, Section Manager, Professional Services, at (512) 438-2631.

If you have any questions, please direct inquiries to the individuals or sections listed above.

~Original Signature on File~

Marc Gold

Attachment

**DEPARTMENT OF HEALTH & HUMAN SERVICES**  
**Health Care Financing Administration**

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Region VI  
1301 Young Street, Room 833  
Dallas, Texas 75202

November 24, 1998

REGIONAL SURVEY AND CERTIFICATION LETTER NO: 98-21

To: All State Survey Agencies (Action)  
All Title XIX Single State Agencies (Information)

Subject: Distinct Part Skilled Nursing Facility Beds

The purpose of this letter is to remind you of the Health Care Financing Administration's (HCFA's) policy on what constitutes a distinct part for the purposes of Medicare certification and reimbursement. The term "distinct part" (DP) means that the DP is located within a larger organization and is organized and operated as a separate unit to ensure a distinct level of care. (Reference State Operations Manual at Section 2110.)

The Center for Health Plans and Providers and the Center for Medicaid and State Operations have determined that providers have inappropriately designated beds that are commingled, not contiguous, as is required to be considered a DP. Commingling is inconsistent with our long standing definition of what constitutes a distinct part. The unit must be physically identifiable and be operated distinguishably from the rest of the institution. In addition to being a separate building, floor, wing or ward, a distinct part may be the rooms on a hallway, or on one side of the hallway, etc. The important aspect to remember is that the facility may not adopt a patch quilt approach in selecting rooms to be included in the DP. The rooms must be contiguous. The beds do not need to be confined to a single location within the physical plant of the institution. They may consist of several floors or wards in a single building or floors or wards which are scattered throughout several different buildings within the institution's complex.

However, the costs of personnel working directly in patient care and space costs of the units must be maintained separately. This means that personnel should not work in both units at the same time. It, also, means that the two units should not use the same spaces such as nursing stations because it can present cost reporting problems and result in a loss of some Medicare reimbursement.

Thus, distinct part beds commingled throughout the institution would not comprise a unit operated distinguishable for purposes of being certified as a Medicare SNF.

**As of December 15, 1998, if you receive a request to designate a single bed or room as a distinct part or identify this situation during a survey, you should immediately advise the facility that this is not an acceptable practice.** It is in the best interest of the facility to identify a valid DP as soon as possible because of possible negative reimbursement issues. Not all of the residents in the newly-zoned DP have to be beneficiaries. Non-beneficiaries can also be in those certified DP beds. To the extent possible, we want to avoid residents being rearranged and displaced when the facility properly identifies its unit. However, the facility should be aware that if the facility places an NF patient in an SNF bed, the patient becomes a non-Medicare SNF patient for cost reimbursement purposes.

Please share this information with your survey staff and the long term care facilities located in your state. If you have questions concerning this issue, please call Wanda Eskue, of my staff, at (214) 767-4428.

Sincerely,

{Signature on File}

Molly Crawshaw  
Acting Chief, Survey and Certification  
Operations Branch