



Department of Health

ANDREW M. CUOMO
Governor

HOWARD A. ZUCKER, M.D., J.D.
Commissioner

SALLY DRESLIN, M.S., R.N.
Executive Deputy Commissioner

May 27, 2019

Dear Administrator:

This letter provides you with information regarding the Refinancing/Shared Savings Program provided for in Article §2808 2-a(d) of the Public Health Law. This program allows residential nursing facilities to share in the savings associated with approved refinancings that occurred on or after April 1, 2015. Eligible facilities that wish to participate must provide the information requested on the attached Excel form. Guidelines for the program can be found on the tab marked "Guidelines".

General refinancing eligibility requirements include:

- the refinancing closing occurred on or after April 1, 2015;
- the prior financing was not temporary in nature such as a bridge or construction loan;
- the prior financing and the new financing payments included appropriate amortization of the principal;
- the Department has not determined that the refinancing is ineligible for any reason.

If all requirements have been met, the attached form must be completed in order to receive applicable rate adjustments. The form encompasses all rate periods from April 1, 2015 to the current 2019 rate year. Any future shared savings shall be attested to during the initial capital rate setting period or during any subsequent appeals for future refinancings that may occur.

The completed form should be returned to the Department by June 20, 2019 via email at NFRates@health.ny.gov The subject line should read "Refinancing/Shared Savings Submission". Any questions may also be submitted via the email address above and Tim Fischer will respond.

Sincerely,

Laura Rosenthal
Director
Bureau of Residential Health Care Reimbursement
Division of Finance and Rate Setting
Office of Health Insurance Program

Attachment



**Department
of Health**

**Bureau of Residential Health Care Reimbursement
Refinancing/Shared Savings Form Instructions**

New York State Public Health Law 2808 2-a(d) allows residential nursing facilities to share in the savings associated with approved refinancings that occurred on or after April 1, 2015. Facilities wishing to participate must provide the information requested on the form. The following guidance is provided to assist facilities in determining if a refinancing is eligible for this program.

- The closing must have occurred on or after April 1, 2015
- The prior financing that was refinanced was not temporary in nature such as a bridge or construction loan.
- The prior financing and the new financing payments included appropriate amortization of the principal.
- The Department has not determined that the financing was ineligible.

If the financing is determined to be eligible, the attached form must be completed in order to receive applicable rate adjustments. Any shared savings in future rates shall be attested to during the initial capital rate setting period.

- Shared savings is reimbursed on a current year basis
- Only the savings related to the refinanced portion of the new financing is reimbursable. Any new borrowing is not to be included in the calculation
- If a principal payoff occurred, savings is not recognized based upon interest that will not be paid in the future
- Only Interest and Mortgage Insurance Premium (MIP) savings shall be considered eligible.
- Any savings shall be offset by the amortization of new financing fees that have increased expense.
- Previous financing that included variable rate interest shall be calculated based upon the prior terms that existed.

Any questions or concerns can be directed to NFRates@health.ny.gov
The subject line of the email should read "Refinancing/Shared Savings Submission"



Department of Health

Bureau of Residential Health Care Reimbursement Refinancing/Shared Savings Form

Nursing facilities that received approval from the Department to refinance on or after April 1, 2015 must complete this form to receive reimbursement for shared savings in accordance with PHL 2808 2-a(d)

Facility Name:		Opcert:	
Submission Date:		Email:	
Contact Person:		Phone #	

	Previous Financing	New Approved Financing
Date of closing		
Payoff Amount		
New Principal		
Term left at closing		
Allowable %		
Interest %		
Fixed/Variable?		

Savings are generated based upon actual expenditures. Only the actual expenditures for current indebtedness associated with the refinancing portion of the new financing is eligible for the savings calculation. Assumed Interest payments for principal amounts that were paid off are not eligible for the savings program. The applicable refinanced principal % is calculated as follows:

	Previous Financing	New Financing
Payoff Amount		
X Prior Allowable %		
less Principal Paid Off		
A. = Allowed Payoff Amt.		
÷ Original Principal		
B. = Allowable Refi %		

Allowed Payoff Amt.			(see A.)
+ New Financing Fees Included in New Principal			
=New Principal related to Refinancing Only			
÷ Total New Principal			
C. = Refinanced Principal % for Shared Savings			

The above calculation of the refinanced principal % should not be confused with the total allowable financing % utilized in the reimbursement of total interest allowed, as the total allowable financing % may include new approved asset borrowing, which would incorrectly decrease the shared savings.

Bureau of Residential Health Care Reimbursement Refinancing/Shared Savings Form

Previous Financing Expenses That Would Have Occurred					
	D.	E.	D + E = F	B	F X B = G
Year	Total Interest	Total MIP	Total Interest & MIP	Allowable Refi % (See B.)	G. Total Allowable
2015					
2016					
2017					
2018					
2019					

New Financing					
	H.	I.	H + I = J	C.	J X C = K
Year	Total Interest	Total MIP	Total Interest & MIP	Refinanced Principal % (See C.)	E. Total Allowable
2015					
2016					
2017					
2018					
2019					

(Previous Less New amount) x 50% = Shared Savings					
	G.	K.	L.	G - K - L = M	M X .50
Year	Previous Total Allowable (G.)	New Total Allowable (K.)	Less Yearly Amort. of New Financing Fees*	Previous Total Less New Total Less Fees = Savings	X 50% = Shared Savings
2015					
2016					
2017					
2018					
2019					

*Only include this if the fees were NOT included in the new principal borrowing.