

Evaluating waiver and variance application

Here is a tool for board members for evaluating applications for waivers and variances. As a reminder, here is our statutory language on waivers and variances:

- The board shall adopt procedures for considering temporary variances and waivers of the established standards for individual nursing homes based on the board's evaluation of the risk of closure or receivership under section [144A.15](#), due to compliance with all or part of an applicable standard. (See Minnesota Statutes § 181.213, subdivision 4.)

Some key aspects of the statutory language to remember are as follows.

Evaluation of risk: The board must evaluate the application. Each individual situation may be different and that means the evaluation, discussion and thoughtful consideration by the board is important and brings forward the board's subject matter expertise in the many aspects of nursing homes.

Risk of closure or receivership: The statute references the risk of closure or receivership, meaning the situation of the nursing home to receive a waiver or variance should be dire.

Due to compliance: The risk of closure or receivership needs to be tied to complying with the standards. The board has already seen the wide variety of situation nursing homes find themselves in. In essence, the board needs to determine if the risk of closure or receivership is due to compliance with the standards or other factors that impact a facility's ability to stay open and out of receivership.

Applicant identifying number, if needed: _____ (Name is kept anonymous.)

Received application date:

Decision due date:

Discussion date(s):

Notes and recommendation from Waiver Review Workgroup:

Notes from the staff:

Evaluation tool for board members to use for applications

Factors	Financials	Census	Long-term issues	Other issues
Description of category	Financial statements that demonstrate whether the nursing home has financial resources to continue its operations	Does the nursing home have enough residents to keep its nursing home open and solvent or is it unable to stop or mitigate an ongoing loss of residents?	Does the nursing home have risk factors that are permanent or not easily changed or determined by outside forces?	Does the nursing home have unique factors that could be changed by the nursing home employer?
What risk factors does the applicant report?				
How likely is closure based on reported factors without the standards?				
How do the standards affect reported risk factors?				
Do you find these sets of factors compelling or not compelling, or do you need more information?				

Evaluating all the factors in this process, does the board believe this nursing home is at a risk of closure or receivership due to the standards? If it was already at a risk of closure, do the standards increase the risk of closure or receivership enough to warrant a waiver or variance?

Checklist of documents and items received from applicant

Received?	Document or item	Risk of closure or receivership reported – yes, no, needs more information; if yes, how will compliance with standards impact risk level?	Notes
	Statement of need		
	Did your organization receive a rate add-on under 256R.495? If yes, explain		
	If your organization did not apply for or applied for but did not receive a rate add-on under 256R.495, explain		
	Current fiscal-year actual budget to current budget analysis		
	Operating budget next year		
	Aging of payables report (for example: AP aging summary [12 months rolling])		
	Cashflow statement (current, past two years)		
	Most recent audited financials (if available)		
	Optional: If your organization is in breach of covenant with a financial institution, you may include evidence of that breach		
	Debt service coverage ratio		

Received?	Document or item	Risk of closure or receivership reported – yes, no, needs more information; if yes, how will compliance with standards impact risk level?	Notes
	Net margin or operating margin ratio		
	Days in accounts receivable (365 days)		
	Accounts payable (365 days)		
	Days of cash on hand		
	Working capital ratio – a financial metric that measures a company’s liquidity or its ability to pay its short-term debts (assets and liabilities)		
	Optional: Additional information about outstanding payables you would like to provide		
	For each of the past 24 months, provide the total number of resident days, including paid leave days, recorded by your facility		
	For each of the past 24 months, provide the average number of licensed beds (excluding beds placed on layaway) in your facility		
	In the past year, has your building been sold?		
	In the past year, has your facility’s depreciation schedule changed? If yes, explain.		
	For obligations in your budget, are any transactions with “related parties,” as defined by the Centers for Medicare and Medicaid Services provider reimbursement manual? If yes, explain.		
	Census questions: • Do you have to limit census below capacity because you are unable to staff to full capacity? If yes, explain. • If you have to limit census for other reasons, explain. • Is your facility trying to increase your census? Why or why not?		

Received?	Document or item	Risk of closure or receivership reported – yes, no, needs more information; if yes, how will compliance with standards impact risk level?	Notes
	Long-term issues questions: - Does your physical plant have deficiencies that require an expenditure of at least \$100,000? If yes, explain the deficiencies and timeline for addressing them if you have a timeline. - Is your facility receiving little to no interest in posted vacant positions? If yes, explain. - Does your facility have positions that have been open for longer than six months? If yes, explain. - Has your facility received citations from the Minnesota Department of Health at a civil monetary penalty level? If yes, explain, including if your star level was dropped and/or if it led to a denial of payment.		
	Other documentation: Include any other documentation you believe would help demonstrate your risk of closure or receivership		
	Plan to come into compliance: Waivers and variances from the Nursing Home Workforce Standards Board standards must be temporary. Outline your facility's or facilities' plan to come into compliance with the standards.		
	Attestation signed		