

OMB Approval No. 0938-0685

SECTION 12: CAPITALIZATION REQUIREMENTS FOR HOME HEALTH AGENCIES (HHAs)

All HHAs and HHA sub-units enrolling in the Medicare program must complete this section. HHAs and HHA sub-units initially enrolling in Medicare, Medicaid, or both programs on or after January 1, 1998 are required to provide documentation supporting that they have sufficient initial reserve operating funds (capitalization) to operate for the first three months of operation in the Medicare and/or Medicaid program(s). The capitalization requirement applies to all HHAs and HHA sub-units that are enrolling in the Medicare program, including HHAs or HHA sub-units currently participating in the Medicare program that, as a result of a change of ownership, will be issued a new provider number. The capitalization requirement does not apply to a branch of an HHA. Regulations found at 42 CFR 489.28 require that an intermediary determine the required amount of reserve operating funds needed for the enrolling HHA or HHA sub-unit by comparing the enrolling HHA or HHA sub-unit to at least three other new HHAs that it serves which are comparable to the enrolling HHA or HHA sub-unit. Factors to be considered are geographic location, number of visits, type of HHA or HHA sub-unit and business structure of the HHA or HHA sub-unit. The fiscal intermediary then verifies that the enrolling HHA or HHA sub-unit has the required funds. To assist the fiscal intermediary in determining the amount of funds necessary, the enrolling HHA or HHA sub-unit should complete this section. For additional information on capitalization requirements, see Volume 63, Number 2 of the Federal Register published on January 5, 1998, beginning at page 292.

- A. Check Box** - Check the box provided if this section does not apply and skip to Section 13.
- B. Type of Home Health Agency** - Check the appropriate box to indicate if this HHA is operated as a non-profit agency, or a proprietary (for-profit) agency.
- C. Projected Number of Visits by this Home Health Agency** - Furnish the number of visits this HHA projects it will make during the first (next) three months of operations and the first (next) 12 months of operations. If this is an established HHA that is currently providing services, furnish the projected number of visits for the next three and twelve months, beginning with next month.
- D. Financial Documentation** - Although not required with this application, in order to expedite the enrollment process the HHA may attach a copy of its most current savings, checking or other financial statement(s) that verifies the initial reserve operating funds.
1. These documents should be submitted with:
 - a) An attestation from an officer of the bank or other financial institution stating that the funds are in the account(s) and are immediately available for the HHA's use, and
 - b) Certification from the HHA regarding any borrowed funds.
 2. Indicate whether or not the HHA will be submitting the required documentation (financial statements and attestations) with this application.

NOTE: If the HHA chooses not to submit the above documents with this application, the HHA will be requested to do so prior to being issued a Medicare billing number.

E. Additional Information

Use this space to explain or justify any unique financial situations of this HHA that may be helpful in determining the HHA's compliance with the capitalization requirements.