

described in § 440.150 of this chapter. For Medicare and Medicaid purposes (including eligibility, coverage, certification, and payment), the “facility” is always the entity that participates in the program, whether that entity is comprised of all of, or a distinct part of, a larger institution. For Medicare, a SNF (see section 1819(a)(1) of the Act), and for Medicaid, a NF (see section 1919(a)(1) of the Act) may not be an institution for mental diseases as defined in § 435.1009 of this chapter.

(b) *Distinct part.*

(1) *Definition.* A distinct part SNF or NF is a physically identifiable component of an institution (for example, a hospital) or institutional complex (for example, a hospital that includes various subprovider units and occupies several buildings) that meets the requirements of this paragraph and of paragraph (b)(2) of this section, and is certified as meeting the applicable statutory requirements for SNFs or NFs in sections 1819 or 1919 of the Act, respectively. A SNF or NF distinct part may be comprised of one or more buildings or designated parts of buildings (that is, wings, wards, or floors) that are: in the same physical area immediately adjacent to the institution’s main buildings; other areas and structures that are not strictly contiguous to the main buildings but are located within close proximity of the main buildings; and any other areas that CMS determines on an individual basis, to be part of the institution’s campus. A distinct part must include all of the beds within the designated area, and cannot consist of a random collection of individual rooms or beds that are scattered throughout the physical plant. The term “distinct part” also includes a composite distinct part that meets the additional requirements of paragraph (c) of this section.

(2) *Requirements.* In addition to meeting the participation requirements for long-term care facilities set forth elsewhere in this subpart, a SNF or NF also must meet all of the following requirements in order to be designated as a distinct part of an institution for payment or other purposes:

(i) The SNF or NF must be operated under common ownership and control (that is, common governance) by the institution of which it is a distinct part, as evidenced by the following:

(A) The SNF or NF is wholly owned by the institution of which it is a distinct part.

(B) The SNF or NF is subject to the by-laws and operating decisions of a common governing body.

(C) The institution of which the SNF or NF is a distinct part has final

responsibility for the distinct part’s administrative decisions and personnel policies, and final approval for the distinct part’s personnel actions.

(D) The SNF or NF functions as an integral and subordinate part of the institution to which it is based, with significant common resource usage of buildings, equipment, personnel, and services.

(ii) The administrator of the SNF or NF reports to and is directly accountable to the management of the institution of which the SNF or NF is a distinct part.

(iii) The SNF or NF must have a designated medical director who is responsible for implementing care policies and coordinating medical care, and who is directly accountable to the management of the institution of which it is a distinct part.

(iv) The SNF or NF is financially integrated with the institution of which it is a distinct part, as evidenced by the sharing of income and expenses with that institution, and the reporting of its costs on that institution’s cost report.

(v) A single institution can have a maximum of only one distinct part SNF and one distinct part NF.

(vi) An institution cannot designate itself as an SNF or NF distinct part, but instead must submit a written request to CMS to determine if it may be considered a distinct part, along with documentation that demonstrates that it meets the criteria set forth above. The effective date of approval of a distinct part is the date that CMS determines all requirements (including enrollment with the fiscal intermediary) are met for approval, and cannot be made retroactive. If a distinct part is established without CMS’s notification and approval, CMS will determine the distinct part has not been appropriately designated as such from the date that the entity began its operation. CMS must approve all proposed changes in the number of beds in the approved distinct part.

(c) *Composite distinct part.*

(1) *Definition.* A composite distinct part is a distinct part consisting of two or more noncontiguous components that are not located within the same campus, as defined in § 413.65(a)(2) of this chapter.

(2) *Requirements.* In addition to meeting the requirements of paragraph (b) of this section, a composite distinct part also must meet all of the following requirements:

(i) An SNF or NF that is a composite of more than one location will be treated as a single distinct part of the institution to which it is based. As such, the

composite distinct part will have only one provider agreement.

(ii) If there is a change of ownership of a composite distinct part SNF or NF, the assignment of the provider agreement to the new owner will apply to all of the approved locations that comprise the composite distinct part SNF or NF.

(iii) If two or more hospitals (each with a distinct part SNF or NF) merge, CMS must approve the existing SNFs or NFs as meeting the requirements of this paragraph before they can be merged and considered a single distinct part of the hospital that survives the merger. In making such a determination, CMS will consider whether its approval or disapproval of a proposed merger promotes the effective and efficient use of public monies without sacrificing the quality of care.

(iv) To ensure quality of care and quality of life for all residents, the various components of a composite distinct part must meet all of the requirements for participation independently in each location.

3. In § 483.10, the following new paragraph (b)(12) is added to read as follows:

**§ 483.10 Resident rights.**

\* \* \* \* \*

(b) \* \* \*

(12) *Admission to a composite distinct part.* In its admission agreement, a facility that is a composite distinct part (as defined in § 483.5(c) of this subpart) must disclose its physical configuration, including the various locations that comprise the composite distinct part, and must specify the policies that apply to room changes between its different locations under § 483.12(a)(8) of this subpart.

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4. In § 483.12, the following changes are made:

A. A new paragraph (a)(8) is added.

B. A new paragraph (b)(4) is added.

The additions read as follows:

**§ 483.12 Admission, transfer, and discharge rights.**

(a) \* \* \*

(8) *Room changes in a composite distinct part.* Room changes in a facility that is a composite distinct part (as defined in § 483.5(c) of this subpart) must be limited to moves within the particular building in which the resident resides, unless the resident voluntarily agrees to move to another of the composite distinct part’s locations.

\* \* \* \* \*

(b) \* \* \*

(4) *Readmission to a composite distinct part.* When the nursing facility