

NURSING HOME FACILITIES



**HOUSE OF REPRESENTATIVES**  
**COMMONWEALTH OF PENNSYLVANIA**

**MEMO**

**SUBJECT:** Nursing Home Facilities

**TO:** Honorable Sherman L. Hill

**FROM:** Eugene M. Fulmer

Some alternate approaches to providing improved Nursing Home facilities and services in Pennsylvania:

(1) Facilities could be built and owned by:

- a - State Government
- b - State Authorities
- c - Local Governments
- d - Local Authorities

These public facilities could then be managed by private concerns as the capitol cafeteria is managed.

This approach could be accomplished by exercising the general powers currently existing, as no property would be transferred and services would merely be contracted for operation of the facilities. Authorizations could be made on the state level as for other Commonwealth buildings. (See, for instance, Section 331 of the Public Welfare Code of June 13, 1967, Act 21)

(2) Another alternative would be for the facilities to be built by the above with the building leased to private organizations for their use as nursing homes but with the state or local entity retaining title.

It could be accomplished by exercise of general powers of the Commonwealth and its municipalities. In Article IX--Local Government of the Constitution it is stated, "The General Assembly may provide standards by which municipalities or school districts may give financial assistance or lease property to public service, industrial or

commercial enterprises if it shall find that such assistance or leasing is necessary to the health, safety or welfare of the Commonwealth." Enabling legislation could provide standards, appropriate funds, or set forth authorization.

- (3) A similar arrangement could be used to build the homes for private operators. The buildings could be financed by authority bonds, and the money repaid from rentals or lease charges. At the end of the lease, the building would be owned by the operator. This could utilize an arrangement like the one between the GSA and "private" universities.

This approach would need enabling legislation to amend "The General State Authority Act of 1949", as amended, and to authorize specific projects.

- (4) Instead of actually building the homes, the Commonwealth could merely provide capital funds for the private nursing home operators. The procedures which could be utilized might be patterned after PIDA. Amendments to the Industrial Development Fund could permit them to loan monies for this purpose.

New legislation could establish a separate fund or amendments could be made to the "Industrial Development Authority Law".

- (5) A subsidy arrangement, similar to the Hill-Burton Act could be enacted to provide funds for new structures or expansion of existing buildings for nursing homes. If the operator met the requirements for construction, equipment and use, a subsidy would be available based on these factors and total or unit costs.

The subsidy could be funneled through the "Industrial Development Assistance Law", which is "designed to stimulate the establishment of new or enlarged . . . commercial . . . enterprises within the counties served . . . (by industrial development agencies)

- (6) A capital grant could be provided to nursing home operators based on the number of persons in residence and/or the number admitted. This could be a one-time grant like those for dog kennel construction by humane organizations, or they could be continuing subsidies like those to schools for authority rentals.

The capital grant could be funneled through the "Industrial Development Assistance Law", which is "designed to stimulate the establishment of new or enlarged . . . commercial . . . enterprises within the counties served . . . " (by industrial development agencies)

- (7) Private nursing homes could qualify for subsidies based on Department of Labor & Industry estimates of costs to correct deficiencies.

The subsidies could be funneled through the " Industrial Development Assistance Law" , which is " designed to stimulate the establishment of new and enlarged. . .commercial . . . enterprises within the counties served. . ." (by industrial development agencies)

- (8) Commonwealth could subsidize interest charges for nursing home borrowing like the Federal Government does for student loans. This could assure private operators of 5, 6 or 7 percent money.

New, implementing legislation would be needed to activate this approach.

- (9) The state could encourage, foster and publicize a facility with tax advantages which would make capital available to private nursing homes much like the SBIC's which provide capital for small businesses.

New, implementing legislation would be needed to activate this approach.

- (10) Off-track betting could be legalized with the state proceeds used for capital grants, loans, etc., for nursing homes.

New, implementing legislation would be needed to activate this approach.

These possible approaches are just that. They are offered without prejudice.

Comments are solicited.