

REVISOR'S NOTE: This section is new language derived without substantive change from the first sentence of former Art. 70B, § 11B(a).

In this section and in § 10-420(b)(1) of this subtitle, references to this "part" are substituted for the former references to this "section" to reflect the reorganization of provisions formerly contained in Art. 70B, § 11B. No substantive change is intended.

Defined terms: "Facility" § 10-401
 "Provider" § 10-401

10-420. OPERATING RESERVES — IN GENERAL.

(A) EXCLUSION OF INTEREST EXPENSES.

INTEREST EXPENSES MAY BE EXCLUDED FROM THE CALCULATION OF NET OPERATING EXPENSES FOR A FISCAL YEAR, IF THE PROVIDER FUNDED A DEBT SERVICE RESERVE OR OTHER INTEREST RESERVE UNDER REQUIREMENTS IMPOSED BY A FINANCIAL INSTITUTION OR UNDER APPLICABLE FINANCING DOCUMENTS, TO THE EXTENT THE RESERVE FUND INCLUDED AMOUNTS TO COVER INTEREST FOR THAT FISCAL YEAR.

(B) OPERATING RESERVES — AMOUNT AND FORM.

(1) EXCEPT AS OTHERWISE PROVIDED IN THIS PART, A PROVIDER SHALL SET ASIDE FOR EACH FACILITY SUBJECT TO THIS SUBTITLE OPERATING RESERVES EQUAL TO 15% OF THE FACILITY'S NET OPERATING EXPENSES FOR THE MOST RECENT FISCAL YEAR FOR WHICH A CERTIFIED FINANCIAL STATEMENT IS AVAILABLE.

(2) THE PROVIDER SHALL KEEP THE OPERATING RESERVES IN A REASONABLY LIQUID FORM IN THE JUDGMENT OF THE PROVIDER.

(C) OPERATING RESERVES — TIME PERIOD FOR MEETING RESERVE REQUIREMENT.

(1) A PROVIDER SHALL MEET THE REQUIREMENTS OF SUBSECTION (B) OF THIS SECTION WITHIN 10 FULL FISCAL YEARS AFTER THE DATE OF ITS INITIAL CERTIFICATE OF REGISTRATION.

(2) A PROVIDER SHALL SET ASIDE AT LEAST 10% OF THE RESERVES REQUIRED UNDER SUBSECTION (B) OF THIS SECTION AT THE END OF EACH FISCAL YEAR AFTER THE DATE OF ITS INITIAL CERTIFICATE OF REGISTRATION, UP TO A TOTAL OF 100% AT THE END OF THE 10TH FISCAL YEAR.

(3) THE DEPARTMENT MAY ALLOW A PROVIDER TO MODIFY THE MINIMUM RATE REQUIRED UNDER PARAGRAPH (2) OF THIS SUBSECTION OR EXTEND THE TIME TO MEET THE REQUIREMENTS OF SUBSECTION (B) OF THIS SECTION IF THE MODIFICATION IS NECESSARY TO MAINTAIN THE FINANCIAL VIABILITY OF THE FACILITY.

REVISOR'S NOTE: This section is new language derived without substantive change from former Art. 70B, § 11B(b), (g), and the second sentence of (a).