

HOUSE RESEARCH

Bill Summary

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Overview

This bill provides low-rate nursing facilities with rate adjustments, and also provides eligible nursing facilities with one-time rate adjustments to pay for increases in medical liability premiums.

Section

- 1 Reduction in rate disparities.** Amends § 256B.431, by adding subd. 40. (a) Requires the commissioner to adjust operating payment rates for low-rate nursing homes reimbursed under the cost-based (Rule 50) and alternative payment systems. (Facilities whose rates are determined under the interim and settle-up rate provisions, or for which less than 50 percent of beds are licensed as nursing home beds, are not eligible for a rate adjustment.)

(b) Specifies the methodology for providing a rate adjustment for the rate year beginning July 1, 2004. Requires the commissioner to adjust the case-mix and other operating cost rates of nursing facilities whose payment rates for those categories fall below specified rate floors. (These rate floors are \$60.36 per day for the case-mix rate for RUGs level 1.00 and \$47.94 per day for other operating costs.) These facilities will receive the lesser of the rate floor or a ten percent increase over their current rate.
- 2 Medical liability costs.** Amends § 256B.431, by adding subd. 41. (a) Requires the commissioner to provide nursing homes reimbursed under the cost-based (Rule 50) and alternative payment systems with a rate adjustment for the rate year beginning July 1, 2004, to pay for medical liability insurance premiums increases above five percent. (Facilities whose rates are determined under the interim and settle-up rate provisions are not eligible for

Section

a rate adjustment.) Specifies that the adjustment is one-time and shall not be included in a facility's base for future rate years.

(b) States that nursing facilities are eligible for an adjustment if their increase in premiums for medical liability insurance was five percent or more between CY 2002 and CY 2003. Requires nursing facilities to provide specified information to the commissioner.

(c) Requires the commissioner to review information submitted, and compute a per diem payment amount by dividing allowable increased costs (that portion of the cost increase above five percent) by actual resident days.

(d) Requires the rate adjustments to be implemented if the state MA cost is \$5.6 million or less. If the projected cost is higher than \$5.6 million, requires the commissioner to proportionally decrease each facility's rate adjustment to keep spending within this limit.