

# HOUSE RESEARCH

## Bill Summary

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**Version:** As introduced

**Authors:** Finstad and others

**Subject:** Nursing Facility Rate Adjustment for Assessment and Case Mix Changes

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### Overview

This bill requires all quarterly assessments to be used to determine nursing home resident case mix classifications for reimbursement, and requires the commissioner to implement new case mix indices. The bill also provides temporary and ongoing rate adjustments to nursing facilities that receive a decrease in operating revenue due to the switch to quarterly assessments and the new case mix indices.

#### Section

- 1 Resident assessment schedule.** Amends § 144.0724, subd. 4. Requires all quarterly assessments following a new admission assessment, a quarterly assessment, an annual assessment, or a significant change assessment to be used to determine nursing home resident case mix classifications for reimbursement. (Under current law, the second quarterly assessment following either a new admission assessment, annual assessment, or significant change assessment is used.) Provides an October 1, 2006, effective date.
- 2 Resident assessment schedule.** Amends § 256B.438, subd. 4. Makes a conforming change related to the switch to all quarterly assessments, in a section specifying the effective date of assessments. Provides an October 1, 2006, effective date.
- 3 New case mix indices.** Amends § 256B.438, by adding subd. 8. (a) Effective with rates for the rate year beginning October 1, 2006, requires the commissioner to implement the case mix indices recommended by the time study authorized by the 2001 legislature. Provides the methodology for implementing the new case mix indices.

**Section**

(b) Requires the commissioner to adjust the October 1, 2006, operating rates calculated under paragraph (a), for nursing facilities estimated to receive a decrease in operating revenue, due to use of the new case mix indices and the switch to quarterly assessments. Specifies the methodology to be used. The amount of the rate adjustment is the operating revenue obtained using the case mix indices and resident assessment schedule in effect on September 30, 2006, for the rate year ending June 30, 2006, minus the operating revenue for that rate year obtained using the case mix indices and resident assessment schedule to be used on October 1, 2006, divided by MA and private pay resident days. Provides that the interim rate adjustment is effective from October 1, 2006, through June 30, 2007, and is not part of the facility's operating payment rate after June 30, 2007. Requires the commissioner, by August 15, 2006, to provide nursing facilities estimated to experience a decrease in operating revenue with written notice that specifies the amount of the estimated decrease and the amount of the interim rate adjustment. Provides facilities with 30 days to decline the interim rate adjustment.

(c) Requires the commissioner to adjust the July 1, 2007, operating rates of facilities that demonstrate a decrease in operating revenue from the implementation of new case mix indices and the use of all quarterly assessments. The operating rate adjustment is the difference in operating revenue under the old and new case mix and assessment systems for the period October 1, 2006, through March 31, 2007, divided by total MA and private pay resident days. If this amount is greater than the amount estimated under paragraph (b), requires the commissioner to retroactively pay nursing homes the difference.

Provides a July 1, 2006, effective date.