

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H.F. 401

**DATE:** February 23, 2007

**Version:** As introduced

**Authors:** Thissen and others

**Subject:** Nursing Home Moratorium Projects and Property Reimbursement

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### Overview

This bill adds an additional criterion to be used by the commissioner of health when reviewing moratorium exception proposals, modifies nursing facility property reimbursement methods, and provides funding for moratorium exception projects. Minnesota law imposes a moratorium on the licensure and certification of new nursing home beds and on construction projects that exceed a moratorium threshold of \$1,264,751 (this amount is adjusted annually). Projects that add nursing home beds or that exceed this moratorium threshold must either be authorized in statute or approved by the commissioner of health as part of a competitive moratorium exception proposal process.

In order for the cost of a construction project to be reflected in a facility's property rate, the cost of the project must be above a minimum threshold of \$247,197 (this amount is also adjusted annually). Projects with a cost below this threshold are not reflected in the property rate of a facility. In addition, the cost of construction projects is limited by replacement-costs-new per bed limits. These limits, adjusted annually, are upper limits on the cost of projects.

#### Section

**1**

**Criteria for review.** Amends § 144A.073, subd. 4. Adds the following as an additional criterion to be used by the commissioner of health in reviewing and ranking proposals under the competitive nursing home moratorium exception process: the extent to which the applicant demonstrates the continuing need for nursing facility care in the community. Provides a July 1, 2007, effective date.

## Section

- 2 **Allowable interest expense.** Amends § 256B.431, subd. 17a. Increases the allowable interest on debt related to the cost of a nursing facility purchasing or replacing depreciable equipment, excluding vehicles, from 6 to 10 percent. Provides an October 1, 2007, effective date.
- 3 **Replacement-costs-new per bed limit effective October 1, 2007.** Amends § 256B.431, subd. 17e. Effective October 1, 2007, increases the replacement-costs-new per bed limit from \$74,280 to \$165,000 per licensed bed in multiple-bed rooms, \$92,850 to \$195,000 per licensed bed in semiprivate rooms; and \$111,420 to \$225,000 per licensed bed in single rooms. This limit applies to total replacement projects for statutory or competitive moratorium exception projects and to building projects whose cost exceeds the minimum threshold but does not exceed the moratorium threshold.
- 4 **Reimbursement for mandatory property loss.** Amends § 256B.434, by adding subd. 19. Allows nursing facilities to be reimbursed for property, equipment, and technology costs related to complying with existing or expected requirements of federal certification standards, the life safety code, or other building codes, if: (1) the costs were incurred on or after January 1, 2005; (2) the costs are not otherwise reimbursed as part of a moratorium exception project; and (3) the total allowable cost reported during a reporting year exceeds \$50,000. (Under current law, these projects would not be reflected in a facility's property rate unless the project cost was above the minimum threshold of \$247,197.) Requires property rate increases to be calculated according to the formula used for construction projects that exceed the minimum threshold but do not exceed the moratorium threshold, except that equipment costs are to be depreciated using the American Hospital Association guidelines. Provides an October 1, 2007, effective date.
- 5 **Authorization for moratorium exception projects.** During FY 2008, allows the commissioner of health to approve moratorium exception projects for which the full annualized state share of MA costs does not exceed \$10 million. During FY 2009, allows the commissioner to approve moratorium projects for which the full annualized state share of MA costs does not exceed \$10 million less the amount approved during the first year. Provides a July 1, 2007, effective date.