

HOUSE RESEARCH

Bill Summary

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Subject: Rate increase for nonprofit facilities in Moorhead and Breckenridge

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Overview

This bill provides a nursing facility operating payment rate increase for nonprofit nursing facilities within the boundaries of the cities of Moorhead and Breckenridge. Nonprofit facilities in these cities will receive an operating payment rate based upon the rate received by nonprofit facilities in adjacent cities in another state.

MA reimburses nursing facilities for operating costs, external fixed costs, and property costs.

Operating costs include costs for nursing, social services activities, dietary, housekeeping, laundry, building maintenance, and administration; salaries and wages of persons performing these services; fringe benefits and payroll taxes; and other related costs such as costs for supplies, food, utilities, and consultants.

External fixed costs includes surcharges and fees; scholarships; planned closure rate adjustments; single-bed room incentives; property taxes and property insurance; and Public Employee Retirement Act costs.

Property costs include interest expense and return on equity.

Reimbursement rates are facility- and resident-specific. Rates vary with the facility's historical costs, with the amount of care needed by a resident (as measured by a case-mix classification), and reflect any statutory facility-specific rate adjustments authorized by the legislature.

Section

Nursing facilities are reimbursed by MA on a resident-per-day basis. The nursing home reimbursement levels are adjusted under the Resource Utilization Groups (RUG) case-mix system to reflect the varying care needs of residents.

All applicants to nursing facilities are assessed upon admission and at least every 90 days thereafter and assigned to a case-mix classification based on the level of their dependence in activities of daily living, the severity of their cognitive and/or behavior management needs, and the complexity of their nursing needs. Each case-mix classification is assigned a case-mix weight, with the lowest level of care receiving the lowest weight and the highest level of care receiving the highest weight. Reimbursement for care-related costs for each classification is proportional to the case-mix weight; per-diem reimbursement for nursing care is therefore lowest for the case-mix classification needing the lowest level of care and highest for the case-mix classification needing the highest level of care. Rates are the same for all nondirect care-related components across all RUGs within a facility's rate set.

- 1** **Rate increase for nonprofit facilities in border cities.** Amends § 256B.431, by adding subd. 46. Effective October 1, 2015, increases the operating payment rate for nonprofit nursing facilities in the cities of Breckenridge and Moorhead. Nonprofit facilities in Breckenridge and Moorhead will receive an operating payment rate that the commissioner will calculate based upon the operating rates received in nonprofit facilities in adjacent cities located in another state.

The new operating rate will only apply if a facility receives a rate increase as a result of the new calculation. If a facility's rate is calculated based upon the rates of adjacent cities, then the facility is not eligible for other rate increases offered to facilities not covered by the "border city" provision.