

HF562 - 0 - "Nursing Facility Op Payment Rts"

Chief Author: **Marion Oneill**
 Committee: **Health and Human Services Finance**
 Date Completed: **04/08/2015**
 Agency: Human Services Dept

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact	X	

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings) Dollars in Thousands	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
General Fund	-	238	357	357	357
Total	-	238	357	357	357
Biennial Total			595		714

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
General Fund	-	-	-	-	-
Total	-	-	-	-	-

Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Susan Earle Date: 4/8/2015 10:07:35 PM
 Phone: 651 201-8035 Email susan.earle@state.mn.us

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2015	FY2016	FY2017	FY2018	FY2019
General Fund	-	238	357	357	357	357
Total	-	238	357	357	357	357
	Biennial Total		595			714
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	238	357	357	357	357
Total	-	238	357	357	357	357
	Biennial Total		595			714
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
	Biennial Total		-			-

Bill Description

This proposal is to provide nursing facilities in Wright County an operating rate increase. The increase is proposed to be linked to the median operating rate of the case-mix with a weight of 1.0 (DDF) of all nursing facilities in Geographic Group III.

Assumptions

This analysis is based on the following assumptions:

This proposal can be implemented within the existing administrative resources of the Department.

The effective date of the rate adjustments in this bill is October 1, 2015.

Minnesota's first fiscal year related to this bill ends on June 30, 2016.

Payment for services lags the provision of services by one month.

The state share of costs/savings is determined by amounts paid by other governmental units:

- the base federal share is 50% of the total (a small amount of payments are eligible for higher federal rates);
- the county share is estimated to be 2.3% of the non-federal share;
- the state share is the total minus the federal share and the county share.

The number of nursing facilities that this bill applies to is seven.

The current law rate increase effective 10/1/2015 (MN Statute 256B.434, Subd. 19b) will not be repealed.

The number of Medicaid days will remain the same each year for each of these facilities through FY2019.

Expenditure and/or Revenue Formula

The proposed increase is to bring the operating rate of the case-mix rate with a weight of 1.0 (DDF) up to the median of Geographic Group III. The case-mix rates other than DDF are to be computed by multiplying the DDF target rate by the

percentage of each facility's rates that are case-mix adjusted and the corresponding case-mix weight and then adding the non-case-mix portion of the target rate (used 01/01/12 RUGs IV conversion). The 3.2% rate increase currently in law effective October 1, 2015 (256B.434, Subd. 19b) is added to the operating rates after calculating the proposed rate increase. A portion of this rate increase (.8%) is due to the quality improvement incentive program (QIIP). Each nursing facility's QIIP increase is dependent upon their nursing facility report card score but the overall average increase will be .8% for all nursing facilities. The calculations are based on each facility's current operating rate and resident days on the 09/30/13 Medicaid cost report.

Total annual cost/(savings) - in thousands (\$000s)	FY 2016	FY 2017	FY 2018	FY 2019
Operating rate increases	\$ 737	\$ 737	\$ 737	\$ 737
SFY payment delay	66.85%			
Projected MA costs/(savings)	\$ 493	\$ 737	\$ 737	\$ 737
Federal share	\$ 249	\$ 372	\$ 372	\$ 372
State budget	\$ 238	\$ 357	\$ 357	\$ 357
County share	\$ 6	\$ 8	\$ 8	\$ 8
MA Grants (state budget) BACT 33 LF	\$ 238	\$ 357	\$ 357	\$ 357
Administrative Costs	\$ -	\$ -	\$ -	\$ -
Total Costs/(Savings)	\$ 238	\$ 357	\$ 357	\$ 357

Fiscal Tracking Summary (\$000s)						
Fund	BACT	Description	FY2016	FY2017	FY2018	FY2019
GF	33	NF operation rate increases	238	357	357	357
		Total Net Fiscal Impact	238	357	357	357
		Full Time Equivalents				

Long-Term Fiscal Considerations

The additional spending continues indefinitely.

Local Fiscal Impact

There is a county share associated with the bill. The aggregate county impact will be approximately \$8,000 per year.

References/Sources

- Nursing facility 2013 Medicaid Cost Reports

- DHS nursing facility rate files
- Minnesota Statutes
- HF 562 bill language
- February forecast

Agency Contact: Kari Irber 651-431-3491

Agency Fiscal Note Coordinator Signature: Don Allen

Phone: 651 431-2932

Date: 4/8/2015 6:41:13 PM

Email: Don.Allen@state.mn.us