**Background**

The Long-Term Care Imperative is seeking $1,000,000 in annual funding for nursing facility exception to the moratorium projects. By providing funding for major capital projects on an annual basis, the proposal will allow nursing facilities to continue to improve their settings.

In order to receive a rate increase for a project costing more than $1,565,253, nursing facilities must receive approval through the moratorium exception process. The moratorium exception process is funded by a legislative appropriation to the Medicaid funding base. If no appropriation is made, nursing facilities that need to significantly update or even replace their buildings to prepare to serve the growing senior population will be unable to do so.

Because the state need only appropriate funds to cover the state’s share of the amortized cost of the project, a relatively small appropriation generates a sizable return in construction projects. In the last large round of the moratorium, 14 nursing facilities throughout the state had $139,361,683 in projects approved at annual cost of $1,165,268 to the state budget. Using the same ratio, it is likely that $1,000,000 in funding will create nursing facility construction projects of $120 million.

Due to the failure to fund moratorium exceptions projects in the last couple of legislative sessions and the continued aging of the state’s current supply of nursing homes, we anticipate that an annual appropriation of $1 million would easily be fully utilized by nursing facilities looking to upgrade their physical environments. But, the proposal is structured so that in the event the full amount of a year's moratorium round is not spent, that the amount carried over to the next round is limited.

**Goals**

In addition to remodeling, renovation, and replacement of Minnesota’s stock of nursing facilities, the projects will also positively impact Minnesota’s economy. A $1 million investment in state dollars will yield the following direct and indirect impacts[[1]](#footnote-1):

* 1,854 new jobs
* $232 million in total economic activity
* $74 million in wages
* $6.7 million of indirect business taxes

**Bill Language**

Sec. xxx. Minnesota Statutes 2014, section 144A.073, is amended by adding a

subdivision to read:

Subd. 15. **Moratorium exception funding.** In fiscal year 2017, the commissioner may approve moratorium exception projects under this section for which the full annualized state share of medical assistance costs does not exceed $1,000,000

1. Gross Economic Impactson the State of Minnesota was prepared for The Long-Term Care Imperative by ECONorthwest using data from IMPLAN. IMPLAN Professional Version 2.0, User Guide, Analysis Guide, Data Guide [↑](#footnote-ref-1)