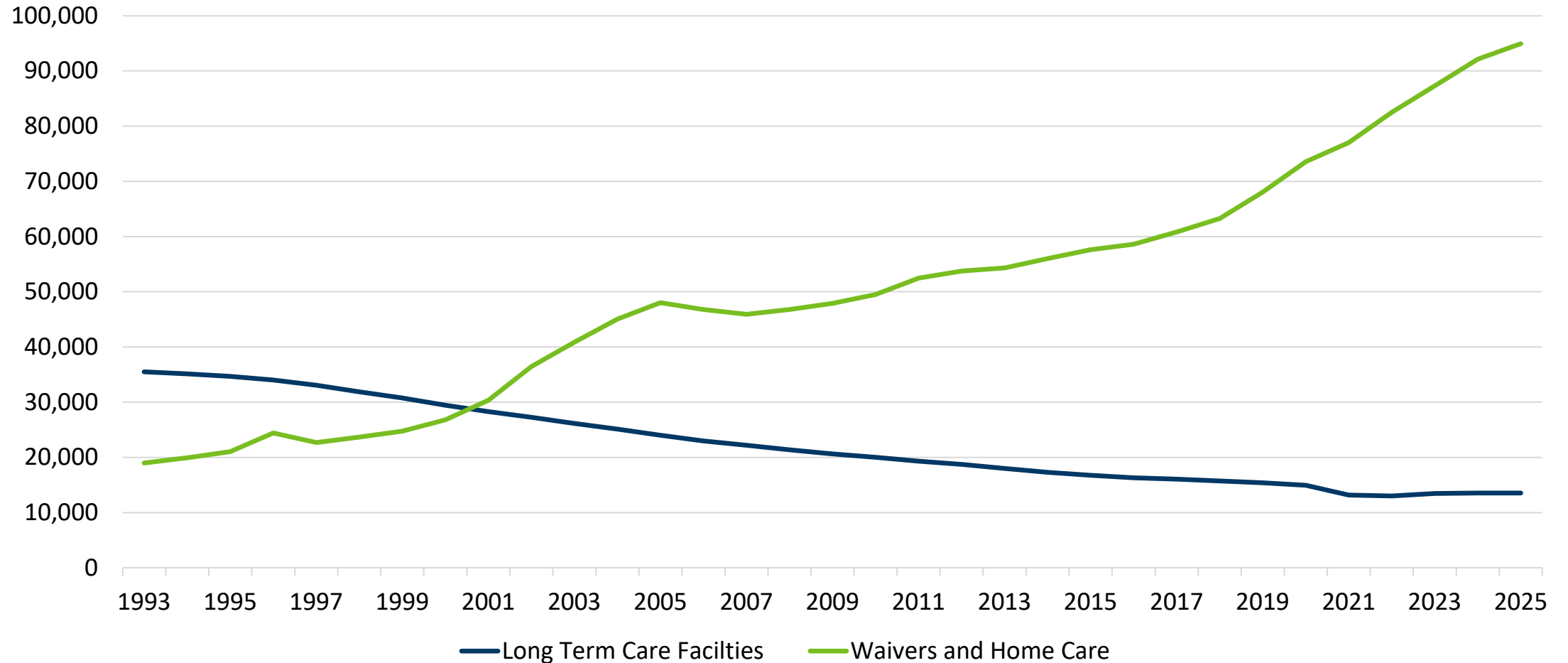


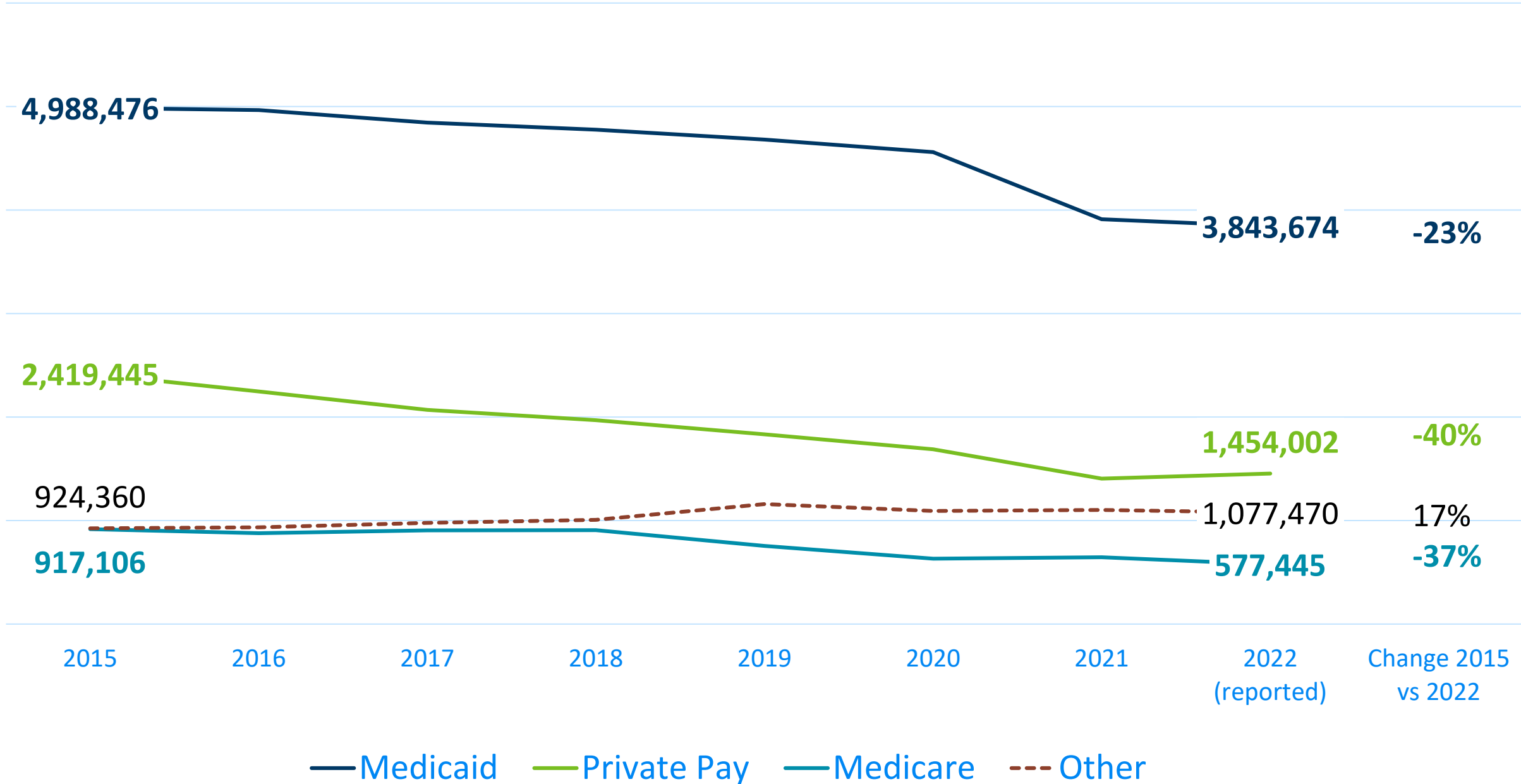
The state of Long Term Care and Workforce



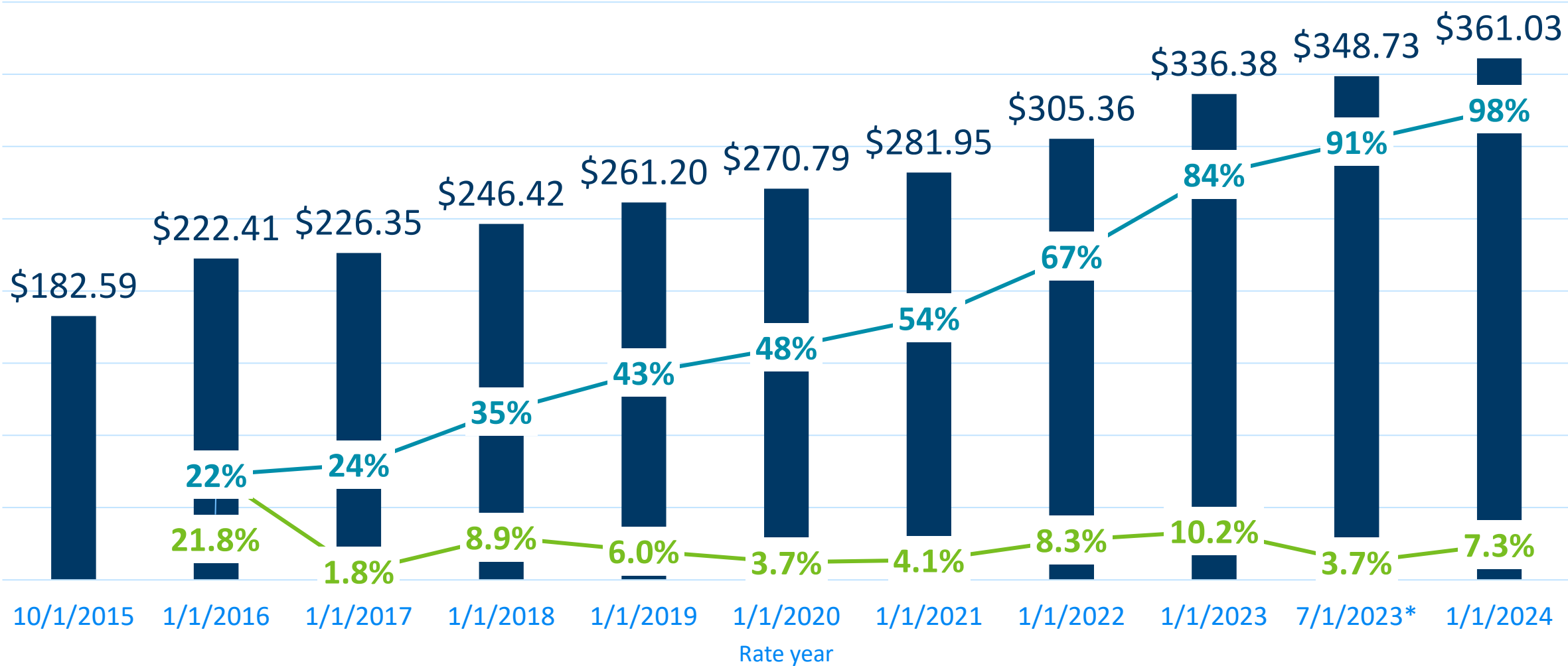
How older adults and people with disabilities receive long term care support



Nursing facility resident days by payer type, 2015 to 2022



Nursing facility daily payment rates after Value Based Reimbursement, 2015-2024



■ Weighted Average Daily Rate
 —●— Semi/Annual Percentage Change
 —●— Total Percent Change since VBR implementation

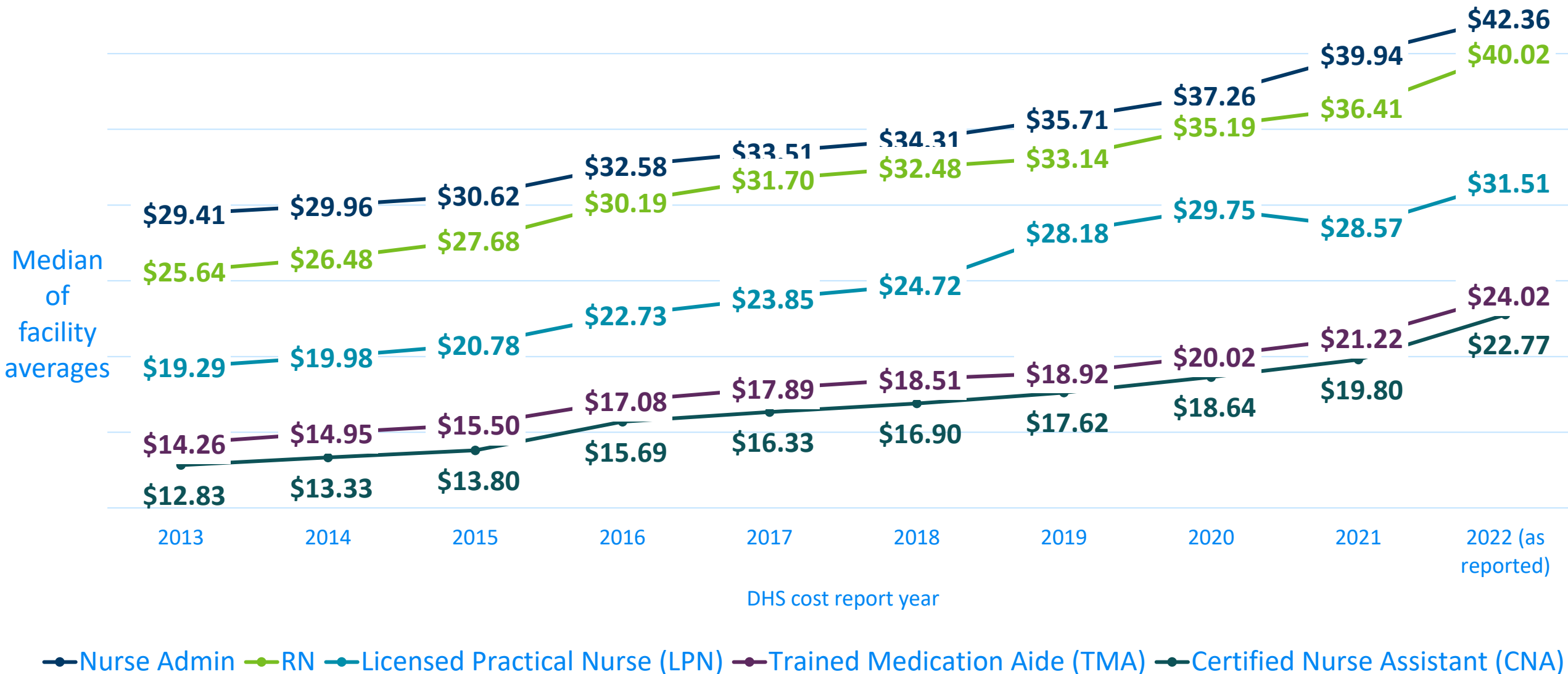
Nursing Facility Rates

- No Interim Medicaid Payment Add-on rates (IMPA) for 2024 were necessary
- Initial 2024 rates were based on what DHS had received from facilities before rate notice work started in November
- Published rates can change retroactively to 1/1/2024

Nursing Facility VBR Forecast

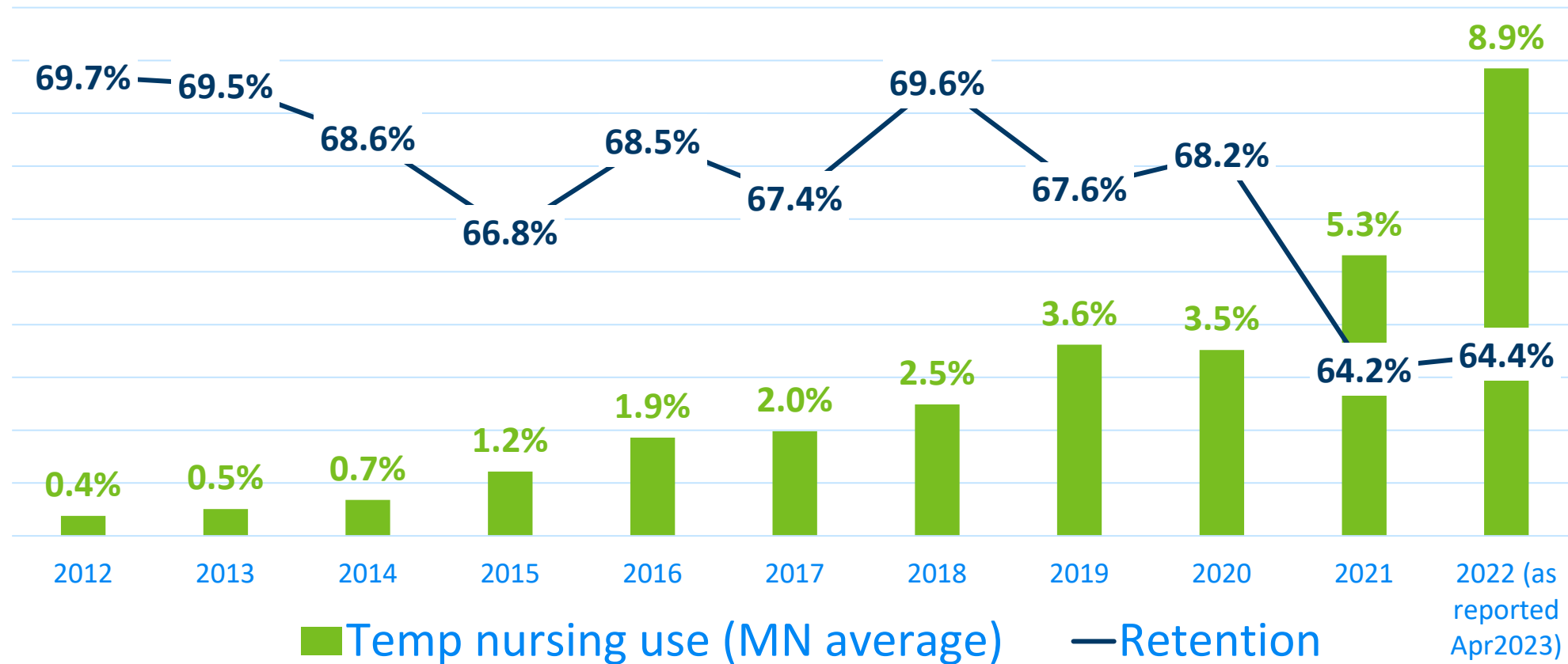
- The Legislature enacted Value-Based Reimbursement for Nursing Facilities in 2015.
- Nursing Facilities in Minnesota are paid for most of their costs over time. Given that generous reimbursement commitment, they are paid 18-24 months after incurring those costs and after their cost reports have been audited for allowable costs.
- While the delay in payment can create cash flow challenges, in 2023, the extra costs incurred during COVID and as a result of the workforce shortage are catching up with the VBR formula.
- The November forecast projects that automatic annual rate increases for nursing homes under VBR will result in \$250 million in additional revenue for nursing homes in the next biennium. There is an additional \$70 million due to the temporary rate increase awarded in the 2023 session.

Nursing facility direct care hourly salaries, 2013 to 2022*



* Note, salaries are calculated from annual facility cost reporting and include overtime, shift differentials, etc.

Temp nursing staff use vs. direct care staff retention, 2012 to 2022



Funding Provided for Nursing Facilities in the 2023 Session

\$400 Million - Summary

- **\$51 million:** Temporary Rate Add-on
 - \$12.35 per day for 18 months beginning July 1, 2023.
- **\$173 million:** Cash lump sum payments distributed August 1, 2023 and 2nd half distributed August 1, 2024
 - \$225,000 per facility plus \$400 per bed.
 - Total payment to facility ranges from \$280,000 to \$1.5 million.
- **\$75 million:** Workforce Incentive Grant Program
 - Eligible workers may receive payments up to \$3000. Eligible workers must earn \$30 per hour or less.
 - Funding distributed to nursing facilities in October 2023.
- **\$100 million:** Financially-Distressed NF Loan Program. (Under development)

Workforce Incentive Payment Program

- **The NF Workforce Incentive Payment Program, \$3000 max per employee:**
 - 321 Applications Received
 - Total Requested: \$105.2 Million
 - Total Current Employees <\$30 per hour: 26,422 Reported
- **Total Appropriation: \$74.5 Million**
 - Distributed the entire appropriation in October/November 2023
 - Formula applied to all applications to achieve an equitable distribution
 - Facilities received the lessor of their application total or \$2840 per employee name listed on the application.
 - Reporting of “actual” spending to begin in October 2024. (Offset to occur on 9/30/2024 cost report).

Nursing Facility Distressed Loan Program - \$100 million

- Program Overview
 - Provide no-interest operating loans to NFs and board and care homes in financial distress, risk of closure or to preserve access for residents with complex, high-acuity needs.
 - Loans to be used to provide working capital for everyday operations, not long-term assets or investments.
 - Change of Ownership = successor liability.
- Projected Timelines (Estimated)
 - Intent to Apply forms due January 26, 2024.
 - 73 Intent to Apply forms submitted for a loan value of \$109 million
 - Final Application published February 2024.
 - Loan Funds disbursed April – May 2024.
 - Repayment begins 18 months after receipt of loan disbursement, allows for a 6-year term.

Critical Access Nursing Facilities



Investments

FY 2024-25 - \$1.9M

FY 2026-27 - \$2.0M

- Critical Access Nursing Facilities (CANF) program adds funding to address the financial viability of rural nursing homes at risk of closure
- Maintains access to nursing facility care within a reasonable distance from home/family
- Result: Funding has provided financial assistance to 20 rural nursing facilities.

Federal and State Nursing Facility Initiatives

CMS Rules:

- Transparency in Nursing Home Ownership
 - NF operators disclose additional ownership and management information

State Proposed Policy Bill 2024 Legislative Session:

- NF operators disclose financial transactions with related parties
- NF operators disclose lease/rent amounts

Assessing methods for determining resident acuity for payments to MN nursing facilities after federal support for current case mix system (RUGs) ends on October 1, 2025

- Contract with Myers/Stauffer to analyze impacts of new federal case mix system (PDPM).
- Determined a simple budget-neutral transition was not feasible.
- Implemented the Optional State Assessment (OSA) as an interim step to allow further study.
- Contract extension with M/S is underway.
 - Model more current data
 - Report on 9/30/2023 PDPM – RUGs resident days by payer source.
 - Resume advisory group meetings.
 - A final recommendation.
- Develop legislative transition proposal for the 2025 session.