

HF490 - 1CE - "Border Cities Nonprofit Nursing Fac Rate"

Chief Author: **Ben Lien**
 Committee: **Health and Human Services Finance**
 Date Completed: **03/02/2017**
 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)	Biennium			Biennium		
	Dollars in Thousands	FY2017	FY2018	FY2019	FY2020	FY2021
General Fund	-	-	-	438	1,051	
Total	-	-	-	438	1,051	
Biennial Total						1,489

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2017	FY2018	FY2019	FY2020	FY2021
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: Travis Bunch Date: 3/2/2017 9:34:08 PM
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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		FY2017	FY2018	FY2019	FY2020	FY2021
General Fund	-	-	-	-	438	1,051
Total		-	-	-	438	1,051
Biennial Total					-	1,489
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	-	-	-	438	1,051
Total		-	-	-	438	1,051
Biennial Total					-	1,489
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	-
Total		-	-	-	-	-
Biennial Total					-	-

Bill Description

As amended, this proposal is to provide Eventide Lutheran Home in Moorhead an operating rate increase effective January 1, 2020, and annually thereafter for each year that the median operating payment rate at a weight of 1.0 for nonprofit nursing facilities located in adjacent cities in North Dakota exceeds the equivalent for Eventide under the Minnesota Value-Based Reimbursement system.

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 January 1, 2020.

Minnesota's first fiscal year related to this bill ends on June 30, 2020.

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

The costs from this proposal are adjusted by forecasted changes in resident case-mix scores.

The number of annual Medicaid days will remain the same each year for this facility through FY2021.

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

- the base federal share averages 50.85% of the total; a small amount of payments are eligible for higher federal rates;
- the county share is estimated to be 2.29% of the non-federal share;
- the state share is the total minus the federal share and the county share.

At this time it is unknown what rates will be in effect in future years for North Dakota or Minnesota; current rates were used for this calculation.

Expenditure and/or Revenue Formula

This calculation was based on the nursing facility operating rate in effect on January 1, 2017 for the rate that has a case-mix weight of 1.0. Both North Dakota and Minnesota facilities have 1.0 operating rates. The North Dakota median 1.0 operating rate of nonprofit facilities located in Fargo was used for a comparison to the 1.0 operating rate of Eventide Lutheran Home in Moorhead. The difference between these two rates was multiplied by the number of Medicaid days (based upon the 9/30/16 cost report) for each RUGs class. The increases for each RUGs class were summed to determine the total estimated cost of this proposal.

The fiscal note includes a 4% rate reduction for North Dakota for FY 2017. This reduction is due to budget issues in North Dakota state's budget. Even with this rate reduction, the North Dakota rates are still currently higher than Minnesota's

rates resulting in a cost in the fiscal note.

In the future, this calculation will be based on this facility's operating rates on November 1, 2019 and the Medicaid resident days on the 9/30/2018 cost report. In October 2018, information will need to be obtained from the North Dakota Department of Human Services to determine the equivalent operating rates of nonprofit facilities in bordering cities for rates effective January 1, 2020.

Fiscal Tracking Summary (\$000's)						
Fund	BACT	Description	FY2018	FY2019	FY2020	FY2021
GF	33	MA-LF	0	0	438	1,051
		Total Net Fiscal Impact	0	0	438	1,051
		Full Time Equivalents	0	0	0	0

Long-Term Fiscal Considerations

Beginning in FY2020, there will be a cost to this bill if the nursing facility payment rates in North Dakota exceed the payment rates in Minnesota.

Local Fiscal Impact

Beginning in FY2020, there will be a cost to counties if this bill if the nursing facility payment rates in North Dakota exceed the payment rates in Minnesota.

References/Sources

North Dakota Nursing Facility Rate Files
 DHS NFRP Rate File for Eventide Lutheran Home

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