

HF487 - 0 - "Le Sueur Cty Rate Increase"

Chief Author: **Bob Vogel**
 Committee: **Health and Human Services Finance**
 Date Completed: **03/16/2015**
 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	-	354	531	533	535
Total	-	354	531	533	535
Biennial Total			885		1,068

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: 3/16/2015 5:32:23 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		FY2015	FY2016	FY2017	FY2018	FY2019
General Fund	-	354	531	533	535	
Total	-	354	531	533	535	
Biennial Total			885			1,068
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	354	531	533	535	
Total	-	354	531	533	535	
Biennial Total			885			1,068
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	
Total	-	-	-	-	-	
Biennial Total			-			-

Bill Description

This proposal is to provide MINNESOTA VALLEY HEALTH CENTER INC, a nursing facility in Le Sueur County, an operating rate increase effective October 1, 2015. The proposed increase is to bring the operating rate of the case-mix rate with a weight of 1.0 (DDF) up to \$210.57. All other case-mix operating rates will be adjusted based on the percentage that is case-mix adjusted on September 30, 2015.

Assumptions

- 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 is determined by amounts paid by other governmental units: the federal share is 50.5% of the total, the state portion is 48.4% and the county portion is 1.1%.
- The adjusted costs reflects a projected 0.33% increase in case-mix acuity/RUGs level each year.
- The COLA rate increase effective 10/1/2015 will not be repealed this session.

The number of Medicaid days will remain the same each year for this facility through FY2019.

Expenditure and/or Revenue Formula

These calculations were based on this facility's current operating rate and Medicaid days as reported on their 9/30/13 Medicaid cost report. The RUGs operating rate with a weight of 1.00 (DDF) was increased to \$210.57. The RUGs rates other than DDF were computed by multiplying the DDF target rate of \$210.57 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 1/1/12 RUGs IV conversion). The difference between the proposed and the current rates was multiplied by the Medicaid days (based upon the 9/30/13 cost report) for each RUGs class to determine the Medicaid cost. The increases for each RUGs class were summed to determine the total estimated cost of this proposal.

Total annual cost/(savings) (in thousands)	<u>FY2016</u>	<u>FY2017</u>	<u>FY2018</u>	<u>FY2019</u>
Operating rate increases	\$1,091	\$1,091	\$1,091	\$1,091
Adjusted costs (acuity increase)	\$1,095	\$1,098	\$1,102	\$1,105
SFY payment delay to October 2015	<u>66.85%</u>			
Projected MA costs/(savings)	\$732	\$1,098	\$1,102	\$1,105
Federal share	\$370	\$554	\$557	\$558
State share	\$354	\$531	\$533	\$535
County share	\$8	\$13	\$12	\$12
MA Grants(state budget) BACT33LF	\$354	\$531	\$533	\$535
Administrative Costs	\$-	\$-	\$-	\$-
Net State Cost /(Savings)	\$354	\$531	\$533	\$535

Fiscal Tracking Summary (\$000s)

Fund	BACT	Description	FY2016	FY2017	FY2018	FY2019
GF	33	MA NF operating rate increase	354	531	533	535
		Total Net Fiscal Impact	354	531	533	535
		Full Time Equivalents	0	0	0	0

Long-Term Fiscal Considerations

This is an ongoing rate adjustment.

Local Fiscal Impact

There is a county share associated with this bill.

The aggregate county impact will be roughly \$12,000 per year.

References/Sources

Nursing facility 2013 Medicaid Cost Report and DHS nursing facility rate files

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