

HF1552 - 0 - "Nursing Facility Rate Increase"

Chief Author: **Tim Miller**
 Committee: **Health and Human Services Finance**
 Date Completed: **03/30/2015**
 Lead Agency: Human Services Dept
 Other Agencies:
 Nursing Home Admin Board

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
Human Services Dept					
General Fund	-	885	1,324	1,325	1,325
State Total					
General Fund	-	885	1,324	1,325	1,325
Total	-	885	1,324	1,325	1,325
Biennial Total			2,209		2,650

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

Lead 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: 03/30/2015
 Phone: 651 201-8035 Email susan.earle@state.mn.us

State Cost (Savings) Calculation Details

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

State Cost (Savings) = 1-2		Biennium			Biennium	
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General Fund	-	885	1,324	1,325	1,325	1,325
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Human Services Dept						
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	Biennial Total		-			-

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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: 3/30/2015 4:37:28 PM
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	Biennial Total		2,209			2,650
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
	Biennial Total		-			-

Bill Description

This proposal is to provide nursing facilities in Swift, Chippewa, Renville, and Kandiyohi Counties an operating rate increase. 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.

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 13.

The COLA 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 1/1/12 RUGs IV conversion). The 3.2% rate increase currently in law

(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 9/30/13 Medicaid cost report.

Total annual cost/(savings) in thousands	FY 2016	FY 2017	FY 2018	FY 2019		
Operating rate increases	\$ 2,737	\$ 2,737	\$ 2,737	\$ 2,737		
SFY payment delay	66.85%					
	-	-				
Projected MA costs/(savings)	\$ 1,830	\$ 2,737	\$ 2,737	\$ 2,737		
Federal share	\$ 924	\$ 1,382	\$ 1,381	\$ 1,381		
State budget	\$ 885	\$ 1,324	\$ 1,325	\$ 1,325		
County share	\$ 21	\$ 31	\$ 31	\$ 31		
MA Grants (state budget) BACT 33 LF	\$ 885	\$ 1,324	\$ 1,325	\$ 1,325		
Administrative Costs	\$ -	\$ -	\$ -	\$ -		
Total Costs/(Savings)	\$ 885	\$ 1,324	\$ 1,325	\$ 1,325		
Fiscal Tracking Summary (\$000s)						
Fund	BACT	Description	FY2016	FY2017	FY2018	FY2019
GF	33	NF operating rate increases	885	1,324	1,325	1,325
		Total Net Fiscal Impact	885	1,324	1,325	1,325
		Full Time Equivalent				

Long-Term Fiscal Considerations

The rate increases continue beyond FY 2019.

Local Fiscal Impact

There is a county share associated with this bill. The aggregate county impact will be approximately \$31,000 per year starting in FY 2017.

References/Sources

DHS Nursing Facility rate files

2013 Nursing Facility Medicaid Cost Reports

February forecast

HF1552 bill language

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Chief Author: **Tim Miller**
 Committee: **Health and Human Services Finance**
 Date Completed: **03/30/2015**
 Agency: **Nursing Home Admin Board**

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

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	Dollars in Thousands	FY2015	FY2016	FY2017	FY2018	FY2019
Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
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: Brian McLafferty Date: 3/23/2015 12:43:20 PM
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State Cost (Savings) Calculation Details

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

Bill Description

HF1552 is relating to human services; modifying nursing facility operating payment rates for certain facilities; amending Minnesota Statutes 2014, section 256B.431, by adding a subdivision. Rate increase for facilities in Swift, Chippewa, Renville and Kandiyohi Counties.

Assumptions

HF 1552 is a dedicated rate increase for specific facilities in a specific geographic area and would not have a fiscal impact on the Administrators license nor on the Board of Examiners for Nursing Home Administrators.

Expenditure and/or Revenue Formula

None

Long-Term Fiscal Considerations

None

Local Fiscal Impact

None

References/Sources

Agency Contact:

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