

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

Chief Author: **Ben Lien**
 Committee: **Health and Human Services Finance**
 Date Completed: **02/26/2018**
 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	-	-	-	314	685	
Total	-	-	-	314	685	
Biennial Total			-			999

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: 2/26/2018 8:48:38 AM
 Phone: 651 201-8038 Email: travis.bunch@state.mn.us

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	-	-	-	-	314	685
Total		-	-	-	314	685
Biennial Total					-	999
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	-	-	-	314	685
Total		-	-	-	314	685
Biennial Total					-	999
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	-
Total		-	-	-	-	-
Biennial Total					-	-

Bill Description

This bill amends Minnesota Statutes 2016, section 256R.53, subdivision 2. The bill provides 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 bill 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 number of annual Medicaid days will remain the same each year for this facility through FY 2021.

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

- the federal share ranges from 51% to 51.11%; a small amount of payments are eligible for higher federal rates;
- the county share ranges from 1.07% to 1.11%;
- the state share is the total minus the federal share and the county share.

The North Dakota rates will increase by 1% effective January 1, 2019.

The operating rates for the Moorhead facility were adjusted for 2020 and 2021 based on the November 2017 forecast.

Expenditure and/or Revenue Formula

This calculation was based on the nursing facility operating rate in effect on January 1, 2018 for the rate that has a case-mix weight of 1.0 for the Moorhead facility and from January 1, 2018 for the North Dakota facilities. 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 9/30/17 cost report) for each

RUGs class. The increases for each RUGs class were summed to determine the total estimated cost of this proposal.

FISCAL NOTE COMPUTATIONS:				
	CY 2018	CY 2019	CY 2020	CY 2021
Total Annual Cost				
Average cost per resident day under MN VBR rates	196.95	206.37	218.90	229.5
Average cost per resident day under select North Dakota rates	264.54	267.19	267.19	267.1
Average difference in rate increases per resident day	67.59	60.82	48.29	37.6
Annual Medicaid resident days	32,624	32,624	32,624	32,624
Annual increase in Medicaid operating rate costs	\$2,204,929	\$1,984,097	\$1,575,430	\$1,227,65
Total Annual Costs (in thousands)			\$1,575	\$1,22
			-	
	FY 2018	FY 2019	FY 2020	FY 2021
SFY / Payment Delay			41.64%	41.64%
Total Projected MA Costs (in thousands)	0	0	656	1,43
Federal Share	0	0	335	72
State Share	0	0	314	68
County Share	0	0	7	1
MA Grants (State Budget) BACT 33 LF	0	0	314	68
Administrative Costs	0	0	0	0
Total Costs (in thousands)	0	0	314	68
FMAP percentages	51.11%	51.09%	51.04%	51.00%
County percentage of the non-federal share	1.07%	1.09%	1.10%	1.11%

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 cites for rates effective January 1, 2020.

Fiscal Tracking Summary (\$000's)						
Fund	BACT	Description	FY2018	FY2019	FY2020	FY2021
GF	33	MA-LF	0	0	314	685
		Total Net Fiscal Impact	0	0	314	685
		Full Time Equivalents	0	0	0	0

Long-Term Fiscal Considerations

Beginning in FY2020, there will be an annual cost to this bill each year the median nursing facility payment rate in the Fargo area exceeds the Minnesota VBR payment rate for this facility.

Local Fiscal Impact

Beginning in FY2020, there will be a small annual cost to counties each year the median nursing facility payment rate in the Fargo area exceeds the Minnesota VBR rate for this facility.

References/Sources

2018 North Dakota Nursing Facility Rate Files
2018 DHS NFRP Rate File for Eventide Lutheran Home

DHS November, 2017 LTC Forecast

Agency Contact: Kari Irber, 651-431-3491

Agency Fiscal Note Coordinator Signature: Don Allen

Phone: 651 431-2932

Date: 2/23/2018 12:52:21 PM

Email: Don.Allen@state.mn.us