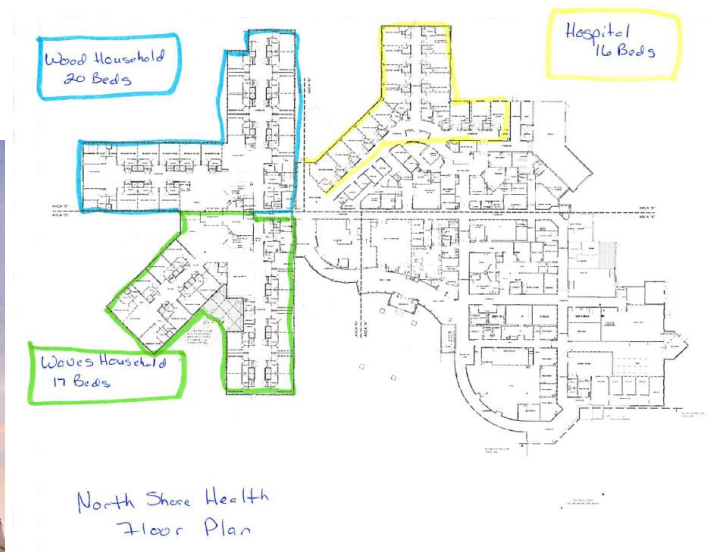


# Preserving Senior Services in Cook County on the North Shore



North Shore Health (NSH) is the only hospital in Cook County, and the only hospital for 80 miles. While Cook County is very rural, and has less than 6,000 population, it is one of the most beautiful places in Minnesota, and is visited by over 1.3M people every year.

NSH is a small, rural, remote health care organization comprised of a 16-bed Critical Access Hospital, a 37-bed Skilled Nursing Facility, a Home Health Agency and an Ambulance Service, all located in beautiful Grand Marais. NSH is critical to serving the needs of the local residents and all the visitors and it should be recognized there are areas of the County, such as Grand Portage Reservation and the Gunflint Trail, that are over an hour away from Grand Marais.

NSH is also the only nursing home in the county. The next closest nursing home is 60 miles away in Silver Bay and next closest hospital is over 80 miles away in Two Harbors. There are no other assisted living facility anywhere in the county. Cook County has the second oldest population of all 87 Minnesota counties. In order to serve its community, NSH has made the difficult financial decision to maintain a combined hospital and nursing home. As a hospital district with tax levy authority, the tax levy has increased over the years to \$1,897,500 in 2025 to continue to allow these important services to be provided.

For the last 20 years, the Nursing Home that is part of NSH has lost an average of \$1,478,000 a year. Even with the tax levy, the ability of NSH to maintain this level of a loss is not sustainable. Based upon the current nursing home reimbursement, it is not as simple as increasing charges to cover expenses. As a hospital attached nursing home, NSH is subject to Medicare hospital cost report rules and have to allocate expenses based upon those guidelines. This usually results in moving expenses from the hospital, that is reimbursed at 101% of allowed costs, to the nursing home where costs exceed the limits established by the Department of Human Services. These reimbursement rules require moving expenses from one area that provides payment of 101% of allowed costs to an area that is over the limits so those allocated expense are often not paid at all.

At various times over the years, due to the financial losses, it has been suggested that the nursing home be closed. This is difficult to contemplate, as NSH is the only skilled nursing facility in Cook County. Citizens needing this level of care would need to leave their home community and their family members and friends would have to travel, possibly two hours or more, to see them. NSH's goal is also to remain viable to continue to provide all services to the community – nursing home, home care, hospital with emergency department and ambulance services.

If you wish to assess how the community cares for the nursing home and its residents, consider COVID-19 pandemic. In fact, the first case of COVID-19 experienced by one of our nursing home residents was in December 2023. This is a testament to the residents, their families, NSH team members and the community.

NSH worked with a national consultant to identify opportunities to minimize the financial losses. It was recommended that NSH incorporate some of the space and operation of the nursing home to the hospital as swing beds. This recommendation is based on a previous demonstration project commissioned by the Federal Office of Rural Health Policy and the Health Resources and Service Administration. The project was known as the Frontier Health System, a model of integrated health care service delivery and reimbursement that integrates Critical Access Hospitals with other essential services, such as skilled care.

NSH is asking for a legislative change that will provide the facility with over \$800k in funding, at no cost to the state. NSH is asking for the ability to have Medicaid provide reimbursement for swing bed care in the hospital. This very specific legislative change would only affect NSH. This has been done in other states, such as North Dakota, Montana, Kansas, and Hawaii.

By changing the areas of costs between the hospital and nursing home differently (on paper), it changes how NSH allocates the costs thus increasing reimbursement from Medicare. This change will impact accountants rather than nursing home residents. Residents would stay in their current room receiving care by their current wonderful caregivers. There will be no physical change to the building or beds. The residents will stay in their same room in their same bed. The only thing that will change is the name of the location – hospital versus nursing home.

Bill Number - HF1912/SF1861, Representative Roger Skraba/Senator Grant Hauschild

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