

Subject Property Payment Rate Exception for a Nursing Facility in Minnetonka

Authors Pryor and others

Analyst Danyell A. Punelli

Date March 1, 2024

Overview

This bill provides for an exception to the nursing facility property payment rate for a facility located in Minnetonka.

Nursing facility property payment rates are set according to the previous “contract-based” or “alternative payment system.” Under that system, a facility agrees to be reimbursed at a rate established in a contract between the facility and the Department of Human Services (DHS). However, a nursing facility that completes a moratorium exception project that is authorized after March 1, 2020, receives a property payment rate using the fair rental value property payment rate methodology. As of October 1, 2023, 28 nursing facilities have had moratorium exception projects approved under the fair rental value property rate methodology.

The fair rental value property rate does not become effective until a facility’s moratorium exception project is completed and certified for occupancy by the Minnesota Department of Health and the new property rate is calculated by DHS. As of January 1, 2024, five facilities are reimbursed under the fair rental value property rate.

Currently, there is a moratorium on the licensure and medical assistance certification of new nursing home beds and construction projects that exceed \$2.36 million. However, there are certain exceptions to the moratorium including for facilities built to address an extreme hardship situation in a particular area, to license or certify beds in a new facility constructed to replace a facility, or to license or certify beds that are moved from one location to another within the state. In addition, the commissioner of health may grant construction project exceptions to the nursing facility moratorium if legislation authorizes and funds those projects.

Summary

Section	Description
1	<p>Nursing facility in Minnetonka.</p> <p>Amends § 256R.53, by adding subd. 4. Beginning July 1, 2024, requires the commissioner of human services to use funding from the nursing facility moratorium exceptions process to calculate the property payment rate for a nursing facility located in Minnetonka and licensed for 21 beds as of February 1, 2024. Specifies the final building valuation is equal to the greater of the limited depreciated replacement cost as determined under the section of statutes governing nursing facility property payment rates following a building appraisal or 105 percent of the estimated total building valuation from the moratorium application.</p>



**MN HOUSE
RESEARCH**

Minnesota House Research Department provides nonpartisan legislative, legal, and information services to the Minnesota House of Representatives. This document can be made available in alternative formats.

www.house.mn.gov/hrd | 651-296-6753 | 155 State Office Building | St. Paul, MN 55155