

# House Research Act Summary

**CHAPTER:** 364

**SESSION:** 2000 Regular Session

**TOPIC:** Nursing Facility Closures

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## Overview

This act establishes a closure process for nursing facilities that allows savings to be reallocated through special rate adjustments and interim closure payments.

1 **Closure plans.** Adds § 256B.436. Allows certain nursing facilities to submit closure plans, and allows facilities to receive interim closure payments and special rate adjustments.

**Subd. 1. Definitions.** Defines terms.

**Subd. 2. Proposal for a closure plan.** (a) Allows one or more nursing facilities owned or operated by a nonprofit corporation owning or operating more than 22 nursing facilities in the state to submit closure plans to the commissioner of human services. Allows the commissioner, between February 25, 2000 and June 30, 2001, to negotiate phased plans for closure for up to seven facilities.

(b) Allows facilities reimbursed under the cost-based or alternative payment system that have an approved closure plan to be eligible for interim closure payments (if the facility is designated for closure) or special rate adjustments (if the facility will remain open).

(c) Requires proposals to include: (1) a description of the closure plan, including information on the facilities to receive special rate adjustments and the amount and timing of the adjustments; (2) an analysis of projected state MA costs of the plan; (3) an analysis of projected state MA savings of the plan; (4) a proposed timetable for facility closures; (5) the proposed relocation plan for residents; and (6) documentation that facilities receiving a rate adjustment have accepted liability for recovery of overpayments to facilities designated for closure.

**Subd. 3. Phased closure plans.** Allows a proposal for a phased plan to include more than one closure, and establishes other requirements for phased plans.

**Subd. 4. Review and approval of proposals.** (a) Allows the commissioner to grant interim

closure payments or special rate adjustments according to an approved plan. Requires the projected state savings of a plan to equal or exceed state and county government costs. Specifies that special rate adjustments are effective no earlier than the first day of the month following facility closure, and no earlier than July 1, 2000.

(b) Requires the commissioner to provide copies of proposals to the commissioner of health, and requires the commissioner of health to certify whether a proposal will satisfy the requirements related to notice of closure and relocation of residents. Prohibits the commissioner of human services from approving a plan that has not been certified.

(c) Requires the commissioner to review proposals for a closure plan and make a determination within 60 days of submittal. Establishes procedures for review.

(d) Specifies that approval of a closure plan expires 18 months after approval, unless commencement of closure has occurred at all facilities designated for closure.

**Subd. 5. Interim closure payments.** Establishes the methodology for interim payments for facilities designated for closure under an approved plan.

**Subd. 6. Cost savings of closure.** Provides criteria for calculating MA savings from the closure of a facility.

**Subd. 7. Other rate adjustments.** Specifies that facilities subject to this section remain eligible for any applicable rate adjustments provided under provisions governing the cost-based and alternative payment systems, and any other relevant provision of law, unless they are receiving an interim closure payment.

**Subd. 8. County costs.** Allows savings of up to \$75,000 per closing facility to be transferred from the MA account to the commissioner for relocation costs incurred by counties.

2 **Moratorium exception process.** For the fiscal year beginning July 1, 2000, requires the commissioner of health, when approving nursing home moratorium exception projects, to give priority to proposals to build replacement facilities in the city of Anoka or within 10 miles of that city.

3 **Report.** (a) Requires the commissioners of health and human services, by January 15, 2001, to report recommendations related to the closure process to the health and human services policy committees of the house and senate.

(b) Requires the report to also contain recommendations for making state financial and technical assistance available to all nursing facilities statewide considering closure or downsizing due to financial or staffing problems, or the age and structural inadequacy of the facility and physical plant.

4 **Relocation study.** Requires the commissioner of health, in consultation with specified groups, to study and report to the legislature by January 15, 2001, on laws and rules governing relocation of nursing facility and boarding care home residents, including the impact on residents of relocations occurring under section 256B.436.

5 **Effective date.** Provides that section 1 is effective the day following final enactment, and applies to nursing homes that give notice of closure to the commissioner of health on or after February 25, 2000.