

# House Research Act Summary

**CHAPTER:** 194

**SESSION:** 2004 Regular Session

**TOPIC:** Nursing Facilities

**Date:** May 21, 2004

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## Overview

This act specifies procedures for property-related payment rate adjustments, allows the Commissioner of Human Services to negotiate planned nursing facility closures, and requires the commissioner to present a recommendation to the legislature for a new nursing facility reimbursement system.

### Section

- 1** **Property rate adjustments and construction projects.** Amends § 256B.431, subd. 10. Requires the commissioner to provide rate notices for property-related payment rate adjustments within 60 days after receiving all necessary information. Allows facilities, no sooner than the effective date of the rate adjustment, to adjust its rates by the amount anticipated to be allowed. Requires amounts collected from private pay residents in excess of the allowable rate to be repaid with interest.
- 2** **Applications for planned closure of nursing facilities.** Amends § 256B.437, subd. 3. Allows the commissioner to negotiate a planned closure for nursing facilities beginning July 1, 2004, if the proposal has no cost to the state. (Current law allowed the commissioner to approve the planned closure of up to 5,140 nursing facility beds between August 1, 2001, and June 30, 2003.)
- 3** **Recommendation to establish new nursing facility reimbursement system.** Adds § 256B.440. Requires the commissioner to present recommendations to the legislature for a new nursing facility reimbursement system, by January 15, 2005.

**Subd. 1. In general.** Requires the commissioner to present to the legislature, by January 1, 2005, a recommendation to establish a new facility-specific, prospective

**Section**

payment system for nursing facilities participating in MA. Specifies rate components. Requires payment rates to be adjusted for quality of services, actual costs, geographic variation in labor costs, rental value, and resident acuity.

**Subd. 2. Recommendation for establishment beginning October 1, 2006.**

States that the recommendation must provide for the establishment of all or a part of a nursing facility's rates under the new system beginning October 1, 2006. Requires rates to be rebased annually and specifies timelines for cost reporting and rate setting.

**Subd. 3. Reporting of baseline statistical and cost information.** Requires nursing facilities to file a baseline statistical and cost report by August 31, 2004. Specifies procedures for developing the report and reporting and collecting the necessary data. Requires the commissioner to use the report data to model and simulate the new nursing facility reimbursement system, using both budget neutrality and additional funding assumptions. Also requires the commissioner, in consultation with stakeholders and experts, to determine the methods to be used to integrate quality measures into the new reimbursement system, and lists quality measures.

**Effective date.** Provides an immediate effective date.