

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H.F. 332

**DATE:** January 29, 2001

**Version:** As introduced

**Authors:** Nornes, Bradley, Goodno

**Subject:** Nursing Facility Case Mix Transition Plan

**Analyst:** Randall Chun, 651-296-8639

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: [www.house.mn/hrd](http://www.house.mn/hrd).

---

### Overview

This bill establishes new nursing facility resident assessment and reimbursement systems, based on the minimum data set and a resource utilization group model. The bill is based on proposed legislation contained in the DHS report on the nursing facility case mix transition plan, but moves up the implementation date of the new system by one year.

### Section

- 1 **Resident reimbursement classification.** Adds § 144.0724. Establishes a new case mix assessment system for nursing facility residents, based upon a 34 group, RUG-III model.
  - Subd. 1. Resident reimbursement classifications.** Requires the commissioner of health to establish resident reimbursement classifications based upon resident assessments. Requires the classifications to be implemented after June 30, 2001, but no later than January 1, 2002.
  - Subd. 2. Definitions.** Defines assessment reference date, case mix index, index maximization, minimum data set, representative, and resource utilization groups or RUG.
  - Subd. 3. Resident reimbursement classifications.** (a) Requires resident reimbursement classifications to be based on the minimum data set or its successor. Directs the commissioner to establish resident classes according to the 34 group, RUG-III model. Requires the department of health to draft the facility manual for case mix classification and present the manual to the chairs of the health and human services legislative committees by July 1, 2001.
    - (b) Requires each resident to be assessed based upon information from the minimum data set according to the following general domains: extensive services, rehabilitation, special care, clinically complex status, impaired cognition, behavior problems, and reduced physical functioning.
    - (c) Requires the commissioner to establish resident classifications according to a 34 group model, based upon information on the minimum data set and within the general

domains. Requires detailed descriptions of each resource utilization group to be provided in the facility manual for case mix classification. Specifies the 34 groups.

**Subd. 4. Resident assessment schedule.** Requires facilities to conduct and submit assessments in accordance with the federal assessment schedule for the minimum data set. Specifies timelines for new admission assessments, annual assessments, significant change assessments, and quarterly assessments.

**Subd. 5. Short stays.** Allows facilities to accept a default rate with a case mix index of 1.0, in lieu of an initial assessment for residents who stay less than 14 days. Allows residents who are admitted and readmitted on a frequent basis to be discharged on extended leave status that requires reassessment only in cases of significant change in resident status.

**Subd. 6. Penalties for late or nonsubmission.** Establishes a reduced rate, equal to the lowest rate for a facility, that applies when a facility fails to complete and submit assessments within seven days of the required timeline.

**Subd. 7. Notice of resident reimbursement classification.** Allows facilities to choose between two options for notifying residents of their case mix classifications, and allows correction orders and penalty assessments to be issued for failure to meet notice requirements.

**Subd. 8. Request for reconsideration of resident classifications.** Allows the resident, resident's representative, or nursing facility to request that the commissioner reconsider an assigned reimbursement classification. Requires the request to be submitted in writing within 30 days of receipt of a notice, and requires the commissioner to affirm or modify the original resident classification within 15 working days of receiving the request. Specifies other requirements for the reconsideration process.

**Subd. 9. Audit authority.** Directs the commissioner to audit the accuracy of resident assessments, through desk audits, on-site review of residents and their records, and interviews with staff and families. Gives the commissioner authority to conduct on-site audits without notice. Requires the commissioner to develop audit selection procedures, and specifies factors to be included.

**Subd. 10. Transition.** Allows classifications established under current law to be reconsidered under the provisions of current law.

2 **Minimum staffing requirement.** Amends § 144A.04, subd. 7. Specifies that upon implementation of the 34 group, RUG-III resident classification system, the minimum hours of nursing personnel for nursing homes is the greater of two hours per resident day or .95 hours per standardized resident day times the statewide average case mix weight. Requires the commissioners of human services and health to report to the legislature on the impact of this requirement on facilities.

3 **Implementation of a case mix system for nursing facilities based on the minimum data set.** Adds § 256B.437. Establishes a new case mix reimbursement system for nursing facilities, based upon a 34 group, RUG-III model.

**Subd. 1. Scope.** States that the section establishes the method and criteria to determine resident reimbursement classifications for nursing facilities, based upon the 34 group, RUG-III model. Requires reimbursement classifications to be implemented after June 30, 2001, but no later than January 1, 2002.

**Subd. 2. Definitions.** Defines assessment reference date, case mix index, index maximization, minimum data set, representative, and resource utilization groups or RUG.

**Subd. 3. Case mix indices.** Requires the commissioner of human services to assign a case mix index to each resident class, and requires the case mix indices assigned to each resident class to be published in the state register at least 120 days prior to implementation of the 34 group,

RUG-III resident classification system. Requires an index maximization approach to be used and allows the commissioner to annually rebase case mix indices and base rates.

**Subd. 4. Resident assessment schedule.** Requires facilities to conduct and submit case mix assessments according to the schedule established by the commissioner of health, and specifies when classifications are effective.

**Subd. 5. Notice of resident reimbursement classification.** Requires facilities to provide notice to residents of their case mix classifications according to procedures established by the commissioner of health.

**Subd. 6. Reconsideration of resident classification.** Requires requests for reconsideration of resident classifications to follow procedures established by the commissioner of health.

**Subd. 7. Rate determination upon transition to RUG-III payment rates.** Requires the commissioner of human services to determine payment rates at the time of transition to the RUG model in a facility-specific, budget-neutral manner, and specifies the methodology for this determination.

4 **Repealer.** Repeals section 144.0721, subd. 1 (assessment of the appropriateness and quality of care provided to private pay residents).