

# HOUSE RESEARCH

## Bill Summary

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**Subject:** Nursing Facility Payment Rate Increase

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### Overview

This bill increases nursing facility operating payment rates to the geographic group 3 median. Nursing facilities are classified in 3 geographic groups - group 1 (southwestern and central Minnesota counties), group 2 (southeastern and northwestern counties and those surrounding the metro area), and group 3 (metro area and northeastern counties). The alternative payment system (APS) under which nursing facilities are reimbursed does not use geographic groups; however, APS payment rates are based on a facility's historical reimbursement rate, and this rate was affected by the geographic location of a facility. Group 1 rates tend to be the lowest on average and group 3 rates the highest. The geographic group 3 median daily rate for a RUG category with a weight of 1.00 is \$135.21. In comparison, the group 1 rate is \$115.51 and the group 2 rate is \$117.43. RUG (resource utilization groups) is a 36-category case-mix system that classifies residents by their health condition. Each RUG category has a different weight (ranging from .53 to 2.02) and reimbursement is proportionate to this weight.

### Section

- 1 Rate increase for nursing facilities.** Amends § 256B.431, by adding subd. 44. Effective October 1, 2007, increases nursing facility operating payment rates to the geographic group 3 median. Provides that this provision applies only if it results in a rate increase. Requires increases to be added to the rate determined under any new nursing facility reimbursement system.