

# HOUSE RESEARCH

## Bill Summary

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### Overview

This bill provides nursing facility rate increases, makes other changes in nursing facility reimbursement, and requires the use of new case mix indices.

#### Section

- 1** **Contracts for services for ventilator-dependent persons and persons requiring other specialized services.** Amends § 256B.431, subd. 2e. Allows the commissioner to negotiate adjustments to the operating cost payment rate for nursing facilities that provide services for persons requiring complex clinical care. Provides an October 1, 2007, effective date.
- 2** **Payment during first 90 days.** Amends § 256B.431, subd. 32. Effective for admissions occurring on or after October 1, 2007, allows higher rates, set at 120 percent of a nursing facility's rate for each RUG class, to be paid for the first 60 calendar days following admission. (Under current law, this higher rate can be paid for 30 days.)
- 3** **Rate increases effective October 1, 2007.** Amends § 256B.434, by adding subd. 4i. Requires the commissioner to make available to each nursing facility a 7 percent increase to the total operating payment rate for the rate year beginning October 1, 2007, and a 6 percent increase for the rate year beginning October 1, 2008.
- 4** **New case mix indices.** Amends § 256B.438, by adding subd. 8. (a) Effective with rates for the rate year beginning October 1, 2007, requires the commissioner to implement the case mix indices recommended by the time study authorized by the 2001 Legislature. Provides the methodology for implementing the new case mix indices.

(b) Requires the commissioner to adjust the October 1, 2007, operating rates calculated under paragraph (a), for nursing facilities estimated to receive a decrease in operating

## Section

revenue. Specifies the methodology to be used. The amount of the rate adjustment is the operating revenue obtained using the case mix indices and resident assessment schedule in effect on September 30, 2007, for the rate year ending June 30, 2007, minus the operating revenue for that rate year obtained using the case mix indices and resident assessment schedule to be used on October 1, 2007, divided by MA and private pay resident days. Provides that the interim rate adjustment is effective from October 1, 2007, through June 30, 2008, and is not part of the facility's operating payment rate after June 30, 2008. Requires the commissioner, by August 15, 2007, to provide nursing facilities estimated to experience a decrease in operating revenue with written notice that specifies the amount of the estimated decrease and the amount of the interim rate adjustment. Provides facilities with 30 days to decline the interim rate adjustment.

(c) Requires the commissioner to adjust the July 1, 2008, operating rates of facilities that received an interim rate adjustment under paragraph (b) and facilities that demonstrate a decrease in operating revenue from the implementation of new case mix indices. The operating rate adjustment is the difference in operating revenue under the old and new case mix and assessment systems for the period October 1, 2007, through March 31, 2008, divided by total MA and private pay resident days. If this amount is greater than the amount estimated under paragraph (b), requires the commissioner to retroactively pay nursing homes the difference.

Provides an October 1, 2007, effective date.

**5 Rebasing.** Amends § 256b.441, subd. 1. Requires the commissioner to rebase nursing facility rates for the rate year beginning October 1, 2008, and collect all data necessary to do this. Requires facilities to submit this data in the form and manner specified by the commissioner. Requires the rebasing methodology to recognize increased expenses that are not reflected in current payments, and provides that the methodology shall not be constrained by a state budget neutrality factor or method. Eliminates language that requires the commissioner to establish a value-based nursing facility reimbursement system, and to complete the full phase-in of the system by October 1, 2011. Provides a July 1, 2007 effective date.

**6 Calculation of quality add-on.** Amends § 256B.441, subd. 46. For rates years beginning on or after October 1, 2007, sets the maximum quality add-on at 4 percent, with the average add-on at 2 percent. Requires the commissioner to determine the add-on using the methodology used to calculate the one-time quality add-on provided for the rate year beginning October 1, 2006. Provides an October 1, 2007 effective date.