

HOUSE RESEARCH

Bill Summary

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Subject: Nursing Facility Rate Equalization

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Overview

This bill modifies the nursing facility rate equalization provision by allowing private pay rates to be higher than the allowable MA payment rate.

Currently, MA rates and private pay rates do not vary within a facility. This is due to Minnesota's rate equalization law, which prohibits nursing facilities that participate in the MA program from charging private pay residents more than MA residents. Nursing facilities are however allowed to charge private pay residents a higher rate for a single room and for special services that are not included in the daily rate if MA residents are charged separately at the same rate for the same services in addition to the daily rate paid by DHS.

While nursing facilities are allowed to charge private pay residents less than an MA resident, in actual practice, private pay rates are set at the level of the MA rate. This is because federal and state rules prohibit nursing facilities from charging MA residents more than private pay residents for similar services. In cases where the rate charged to private pay residents is less than the MA rate, the MA rate is made equal to the private pay rate. MA reimbursement policy is therefore relevant to private payers as well as to MA recipients, since a change in MA per-diem reimbursement paid to nursing facilities leads to a corresponding change in the per diem charged to private payers.

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Prohibited practices. Amends § 256B.48, subd. 1. Modifies the nursing facility rate equalization provision to allow private pay rates to increase 2 percent per year above the allowable MA payment rate beginning July 1, 2012. Modifies consumer protections.