

HOUSE RESEARCH

Bill Summary

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Overview

This bill provides for operating payment rate adjustments for certain facilities in Otter Tail County.

Reimbursement rates are facility- and resident-specific. Rates vary with the facility's historical costs, with the amount of care needed by a resident (as measured by a case-mix classification), and reflect any statutory facility-specific rate adjustments authorized by the legislature. Nursing facilities receive higher levels of reimbursement for residents who need more care and lower levels of reimbursement for residents who need less care. This creates an incentive for nursing facilities to admit individuals who most need nursing facility care. Nursing facilities are reimbursed by Medical Assistance (MA) on a resident-per-day basis. The nursing home reimbursement levels are adjusted under the Resource Utilization Groups (RUGS) case-mix system to reflect the varying care needs of residents. RUGS classifies nursing facility residents into 34 groups based on information collected using the federally required minimum data set. (However, as of October 1, 2010, the number of RUGS increased from 34 groups to 48 groups due to federal changes.) The RUGS case-mix reimbursement system for nursing homes is described in Minnesota Statutes, sections 144.0724 and 256B.438.

All applicants to nursing facilities are screened and assigned to a case-mix classification based on the level of their dependence in activities of daily living (ADL), the severity of their disabilities, and the complexity of their nursing needs. Each case-mix classification is assigned a case-mix weight, with the lowest level of care receiving the lowest weight and the highest level of care receiving the highest weight. Reimbursement for care-related costs for each classification is proportional to the case-mix weight; per diem reimbursement for nursing care is therefore lowest for the case-mix classification needing the lowest level of care and highest for the case-mix classification needing the highest level of care. Rates are the same for all noncare-related components across all RUGS groups within a facility's rate set.

Nursing facilities are classified into three peer groups by county, with a limit placed on the total care-related per diem determined for each peer group. The groups consist of: (1) group one: facilities in Anoka, Benton, Carlton, Carver, Chisago, Dakota, Dodge, Goodhue, Hennepin, Isanti, Mille Lacs, Morrison, Olmsted, Ramsey, Rice, Scott, Sherburne, St. Louis, Stearns, Steele, Wabasha, Washington, Winona, or Wright County; (2) group two: facilities in Aitkin, Beltrami, Blue Earth, Brown, Cass, Clay, Cook, Crow Wing, Faribault, Fillmore, Freeborn, Houston, Hubbard, Itasca, Kanabec, Koochiching, Lake, Lake of the Woods, Le Sueur, Martin, McLeod, Meeker, Mower, Nicollet, Norman, Pine, Roseau, Sibley, Todd, Wadena, Waseca, Watonwan, or Wilkin County; and (3) group three: facilities in all other counties.

Section

- 1** **Rate increase for certain facilities in Otter Tail County.** Amends § 256B.434, by adding subd. 4i. Effective July 1, 2011, requires operating payment rates for two specified facilities in Otter Tail County to be increased to the peer group 1 median rate for the same RUGS weight. Requires the percentage of the operating payment rate for each facility to be case-mix adjusted to be equal to the percentage that is case-mix adjusted in that facility's June 30, 2011, operating payment rate. Specifies that this subdivision only applies if it results in a rate increase.