

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 139
Version: As introduced

DATE: February 28, 2013

Authors: Nornes

Subject: Nursing Facility Operating Payment Rate Increase

Analyst: Danyell A. Punelli, 651-296-5058

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/.

Overview

This bill increases the operating payment rate for two nursing facilities located 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 MA on a resident-per-day basis. The nursing home reimbursement levels are adjusted under the Resource Utilization Groups (RUG) case-mix system to reflect the varying care needs of residents. The RUG system is used to classify nursing facility residents into 48 groups based on information collected using the federally required Minimum Data Set assessment. There are also penalty and default groups for a total of 50 RUG levels. The RUG case-mix reimbursement system for nursing homes is described in Minnesota Statutes, sections 144.0724 and 256B.438.

All applicants to nursing facilities are assessed upon admission and at least every 90 days thereafter and assigned to a case-mix classification based on the level of their dependence in activities of daily living (ADL), the severity of their cognitive and/or behavior management needs, and the complexity of their nursing needs. Each case-mix classification is assigned a case-mix weight, with the lowest level

Section

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 RUG groups within a facility's rate set.

In addition, facilities are classified in statute into three groups by county. The groups consist of:

- 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 counties;
- 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 counties; and
- 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 October 1, 2013, increases operating payment rates for two nursing facilities located in Otter Tail County, one licensed for 124 beds and the other licensed for 105 beds, to be equal to the peer group one median rate for the same RUGS weight. Specifies the manner in which the rate increase shall be applied.