

# HOUSE RESEARCH

## Bill Summary

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**Subject:** Nursing Facility and Elderly Waiver Rate Increases

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### Overview

This bill provides rate increases for nursing facilities and the elderly waiver program for rate years beginning in 2013 and 2014.

Nursing facility reimbursement rates are facility- and resident-specific. Rates vary with each 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 penalty and default groups for a total of 50 RUG levels.

The Elderly Waiver (EW) provides home and community-based services not normally covered under MA to MA enrollees who are at risk of nursing facility placement. In addition, EW recipients are eligible for all standard MA covered services.

In order to receive EW services, an enrollee must:

- be age 65 or older;

## Section

- need nursing facility-level care as determined by the long-term care consultation process;
- choose community care; and
- meet the EW income standard.

In addition, the cost of EW services cannot exceed the estimated cost of nursing facility services.

## Section

- 1 Nursing facility rate adjustments beginning October 1, 2013, and October 1, 2014.** Amends § 256B.434, by adding subd. 19a. Requires the commissioner to provide a 2 percent operating payment rate increase to nursing facilities for the rate year beginning October 1, 2013, to address general cost increases and staffing needs, and a 1 percent increase to address workforce needs. Requires the commissioner to provide up to a 2 percent operating payment rate increase to nursing facilities that meet specified goals for the rate year beginning October 1, 2014, to address general cost increases and staffing needs, and a one percent increase to address workforce needs. Requires nursing facilities to use 73 percent of the money resulting from the rate adjustments for increases in compensation-related costs for employees directly employed by the nursing facility on or after the effective date of the rate adjustment, with certain exceptions. Specifies the items included in compensation-related costs. Specifies the process for nursing facilities to apply for the rate adjustments. Requires the commissioner to ensure that cost increases comply with certain requirements. Specifies how the increases shall be applied to operating payment rates in effect on September 30, 2013, and September 30, 2014.
- 2 Rate adjustments for October 1, 2013, and October 1, 2014, for the elderly waiver program.** Requires the commissioner to increase elderly waiver program rates, including all components and limits, effective October 1, 2013, and October 1, 2014, by (1) 2 percent to address general cost increases and staffing needs, (2) 2 percent for implementing a new quality improvement system, and (3) 1 percent increase to address workforce needs. Specifies how managed care plans receiving state payments for elderly waiver services must include these increases. Requires elderly waiver providers to use 73 percent of the money resulting from the rate adjustments for increases in compensation-related costs for employees directly employed by the program on or after the effective date of the rate adjustment, with certain exceptions. Requires providers receiving an increase under this section to develop and implement a compensation plan, lists items that must be included in the plan, and requires the plan to be posted by the provider in an area to which all eligible employees have access. Specifies how the increases to the elderly waiver rates must be applied to rates effective on September 30, 2013, and September 30, 2014.