

# HOUSE RESEARCH

## Bill Summary

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**Authors:** Dill

**Subject:** Koochiching County Nursing Facility

**Analyst:** Sean Williams

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### Overview

This bill provides a nursing facility operating payment rate increase for a facility located in Koochiching County.

MA reimburses nursing facilities for operating costs, external fixed costs, and property costs.

**Operating costs** include costs for nursing, social services activities, dietary, housekeeping, laundry, building maintenance, and administration; salaries and wages of persons performing these services; fringe benefits and payroll taxes; and other related costs such as costs for supplies, food, utilities, and consultants.

**External fixed costs** includes surcharges and fees; scholarships; planned closure rate adjustments; single-bed room incentives; property taxes and property insurance; and Public Employee Retirement Act costs.

**Property costs** include interest expense and return on equity.

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.

## Section

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.

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, 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 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 nondirect care-related components across all RUGs within a facility's rate set.

## Section

- 1** **Rate increase; facility in Koochiching County.** Amends § 256B.431, by adding subd. 46. Effective October 1, 2015, increases the operating payment rate for a specified nursing facility located in Koochiching County by \$45 for all case mix classes. Specifies that the operating payment rate adjustments effective on October 1, 2015, will be applied to the rate adjustment required under the bill.