

**Senator Saxhaug introduced--**

**S.F. No. 1297: Referred to the Committee on Health and Family Security.**

1 A bill for an act

2 relating to human services; extending the deadline for  
3 a nursing facility moratorium exception project.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

5 Section 1. [MORATORIUM PROJECT DEADLINE EXTENSION.]

6 Notwithstanding Minnesota Statutes, section 144A.073,  
7 subdivisions 3 and 10, the commissioner of health shall extend  
8 the project approval until December 31, 2006, for a nursing home  
9 moratorium exception project that was approved under Minnesota  
10 Statutes, section 144A.073, in 2002 to remodel a 48-bed facility  
11 in Aitkin County.

**Senate Counsel, Research,  
and Fiscal Analysis**

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DIRECTOR

**Senate**

**State of Minnesota**

**S.F. No. 1297 - Deadline Extension for Nursing Home  
Moratorium Exception Project in Aitkin County**

**Author:** Senator Tom Saxhaug

**Prepared by:** David Giel, Senate Research (296-7178)



**Date:** March 11, 2005

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**S.F. No. 1297** extends until December 31, 2006, the project approval for an Aitkin County nursing home moratorium exception project approved by the Commissioner of Health in 2002. (Project approvals expire after 18 months unless the facility has commenced construction. All projects approved between July 1, 2001, and June 30, 2003, were granted an additional 18 months by previous legislative action.)

DG:rd

# Preliminary

Fiscal Note – 2005-06 Session

Bill #: S1297-0 Complete Date:

Chief Author: SAXHAUG, TOM

Title: AITKIN CTY NURSING FAC MORATORIUM

Fiscal Impact	Yes	No
State	X	
Local	X	
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Human Services Dept

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
<b>Expenditures</b>					
General Fund	0	(30)	(30)	0	0
<b>Less Agency Can Absorb</b>					
-- No Impact --					
<b>Net Expenditures</b>					
General Fund	0	(30)	(30)	0	0
<b>Revenues</b>					
-- No Impact --					
<b>Net Cost &lt;Savings&gt;</b>					
General Fund	0	(30)	(30)	0	0
<b>Total Cost &lt;Savings&gt; to the State</b>	0	(30)	(30)	0	0

	FY05	FY06	FY07	FY08	FY09
<b>Full Time Equivalents</b>					
-- No Impact --					
<b>Total FTE</b>					

# Preliminary

NARRATIVE: HF 1380/SF 1297

## Bill Description

This bill will allow an extension to commence construction, through December 31, 2006, for a project approved through the Moratorium Exception Process (MEP) in Minnesota Statutes 144A.073. The project affected is the one approved for the Riverwood Health Care Center.

## Assumptions

The extension will not significantly increase the costs of the projects, but only the timing of the expenses.

## Expenditure and/or Revenue Formula

The estimated annual state cost of the Riverwood project is \$29,989. The 2001 legislative session created MEP funds for project approvals in 2001 and 2002. The amounts are \$2 million to be spent in payments to providers each year. The fiscal tracking form shows no expenditures related to these projects in FY02, ten percent of one year's value in FY03, the full amount of one year's projects in FY04, and the full amount of both year's projects in FY05.

Since this bill is delaying the time line for the project, there will be a shift in the timing of the expenses. A full year's worth of estimated cost of these projects will be removed from FY06 and FY07, and its assumed the projects will be completed for all of FY08 (ready for occupancy between June 2 and June 30, 2007).

## Long-Term Fiscal Considerations

The reduction in cash flow from the state to the facilities is temporary as full expenses being carried in the forecast will be spent when the projects are fully operational.

## Local Government Costs

There is a county share associated with the change in timing of the payments.

## References/Sources

Moratorium exception work papers created by DHS, 2001 legislative fiscal tracking document

Riverwood Health Care Center	
Annual state share estimate	\$29,989
Amount of project in forecast	
FY02	\$0
FY03	\$2,999
FY04	\$14,995
FY05	\$29,989
FY06	\$29,989
FY07	\$29,989
FY08	\$29,989
FY09	\$29,989
Change in timing with bill passage	
FY02	\$0
FY03	\$0
FY04	\$0
FY05	\$0
FY06	\$0
FY07	\$0
FY08	\$29,989
FY09	\$29,989
Difference between current forecast and this bill	
FY05	\$0
FY06	(\$29,989)
FY07	(\$29,989)

# Preliminary

FY08	\$0
FY09	\$0

Senators Neuville, Pariseau and Robling introduced--  
S.F. No. 954: Referred to the Committee on Health and Family Security.

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A bill for an act

relating to human services; designating certain nursing facilities in Rice County as metro for purposes of determining reimbursement rates; amending Minnesota Statutes 2004, section 256B.431, by adding a subdivision.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 2004, section 256B.431, is amended by adding a subdivision to read:

Subd. 41. [COUNTY DESIGNATION.] (a) For rate years

beginning on or after July 1, 2005, and subject to paragraph (b), nursing facilities in Rice County located within two miles of Scott County or Dakota County shall be considered metro, in order to:

(1) determine rate increases under this section, section 256B.434, or any other section; and

(2) establish nursing facility reimbursement rates for any new nursing facility reimbursement system developed under section 256B.440.

(b) Paragraph (a) applies only if designation as a metro facility results in a level of reimbursement that is higher than the level the facility would have received without application of paragraph (a).

**Senate Counsel, Research,  
and Fiscal Analysis**

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# Senate

State of Minnesota

## **S.F. No. 954 - Rate Increase for Certain Rice County Nursing Facilities (the Delete-Everything Amendment)**

**Author:** Senator Thoms Neuville

**Prepared by:** David Giel, Senate Research (296-7178)



**Date:** March 14, 2005

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**S.F. No. 954** provides a rate increase for nursing facilities in Rice County located within two miles of Scott or Dakota County. The rates would be increased to be equal to the median rate for the metropolitan area geographic group. This subdivision only applies if it results in a rate increase.

DG:rdr

**RICE County****NORTHFIELD**

**NORTHFIELD CARE CENTER INC.  
 900 CANNON VALLEY DRIVE  
 NORTHFIELD 55057  
 (507) 645-9511  
 Administrator: NORDINE, KYLE R  
 Number of Beds: 80**

**Daily Rates:**

SE3	SE2	SE1	RAD	RAC	RAB	RAA	SSC	SSB	SSA
□173.89	□159.62	□150.41	□155.48	□139.82	□136.14	□128.77	□145.35	□141.66	□137.50
CB2	CB1	CA2	CA1	IB2	IB1	IA2	IA1	BB2	BB1
□133.38	□128.77	□128.77	□123.25	□120.02	□114.96	□112.66	□105.29	□114.50	□112.60
PE2	PE1	PD2	PD1	PC2	PC1	PB2	PB1	PA2	PA1
□126.93	□126.01	□120.02	□119.56	□119.56	□119.56	□109.90	□109.90	□108.51	□108.00

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**RICE County****NORTHFIELD**

**THREE LINKS CARE CENTER**  
**815 FOREST AVENUE**  
**NORTHFIELD 55057**  
**(507) 664-8814**  
**Administrator: VINCENT, PATRICIA J**  
**Number of Beds: 102**

**Daily Rates:**

SE3	SE2	SE1	RAD	RAC	RAB	RAA	SSC	SSB	SSA
□203.17	□182.32	□168.87	□176.27	□153.40	□148.02	□137.26	□161.47	□156.09	□150.04
CB2	CB1	CA2	CA1	IB2	IB1	IA2	IA1	BB2	BB1
□143.98	□137.26	□137.26	□129.18	□124.48	□117.08	□113.71	□102.95	□116.40	□113.71
PE2	PE1	PD2	PD1	PC2	PC1	PB2	PB1	PA2	PA1
□134.56	□133.22	□124.48	□123.80	□123.80	□123.80	□109.68	□109.68	□107.66	□106.94

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**RICE County****NORTHFIELD**

**NORTHFIELD CITY HOSPITAL & H. O. DILLEY**  
**2000 NORTH AVENUE**  
**NORTHFIELD 55057**  
**(507) 646-1000**  
**Administrator: BANK, KENDALL C**  
**Number of Beds: 40**

**Daily Rates:**

SE3	SE2	SE1	RAD	RAC	RAB	RAA	SSC	SSB	SSA
□234.12	□208.48	□191.94	□201.04	□172.92	□166.30	□153.07	□182.84	□176.23	□168.71
CB2	CB1	CA2	CA1	IB2	IB1	IA2	IA1	BB2	BB1
□161.34	□153.07	□153.07	□143.14	□137.35	□128.26	□124.12	□110.89	□127.43	□124.11
PE2	PE1	PD2	PD1	PC2	PC1	PB2	PB1	PA2	PA1
□149.76	□148.11	□137.35	□136.53	□136.53	□136.53	□119.16	□119.16	□116.68	□115.81

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**DAKOTA County****BURNSVILLE**

**EBENEZER RIDGES CARE CENTER**  
**13820 COMMUNITY DRIVE**  
**BURNSVILLE 55374519**  
**(952) 898-8400**  
**Administrator: HILLIGAN, ERIN M**  
**Number of Beds: 104**

**Daily Rates:**

SE3	SE2	SE1	RAD	RAC	RAB	RAA	SSC	SSB	SSA
□246.77	□219.79	□202.38	□211.95	□182.36	□175.39	□161.46	□192.80	□185.84	□178.00
CB2	CB1	CA2	CA1	IB2	IB1	IA2	IA1	BB2	BB1
□170.17	□161.46	□161.46	□151.02	□144.92	□135.35	□131.00	□117.07	□134.48	□131.00
PE2	PE1	PD2	PD1	PC2	PC1	PB2	PB1	PA2	PA1
□157.98	□156.24	□144.92	□144.05	□144.05	□144.05	□125.77	□125.77	□123.16	□122.20

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**DAKOTA County****APPLE VALLEY**

**APPLE VALLEY HEALTH CARE CENTER**  
**14650 GARRETT AVENUE**  
**APPLE VALLEY 55124**  
**(952) 431-7700**  
**Administrator: OBERLOH, LARRY L**  
**Number of Beds: 200**

**Daily Rates:**

SE3	SE2	SE1	RAD	RAC	RAB	RAA	SSC	SSB	SSA
□237.57	□212.86	□196.92	□205.69	□178.59	□172.21	□159.46	□188.15	□181.78	□174.60
CB2	CB1	CA2	CA1	IB2	IB1	IA2	IA1	BB2	BB1
□167.43	□159.46	□159.46	□149.89	□144.31	□135.54	□131.56	□118.81	□134.75	□131.50
PE2	PE1	PD2	PD1	PC2	PC1	PB2	PB1	PA2	PA1
□156.27	□154.67	□144.31	□143.52	□143.52	□143.52	□126.78	□126.78	□124.39	□123.50

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**Weighted Average<sup>1</sup> Wage Rates in Minnesota Nursing Facilities**  
Sorted by Rule 50 Geographic Groups  
Based on a Change in Minnesota Statutes Effective July 1, 2004

**Weighted Average and Payroll Tax Rates**

Geographic Employee Group Class	Group One	Group Two	Group Three
Registered Nurse	\$24.90	\$25.22	\$28.35
LPN	\$17.91	\$18.58	\$22.35
Nursing Aides (CNA)	\$12.30	\$12.89	\$15.05
Trained Medication Aide (TMA)	\$13.00	\$13.86	\$16.51

**Allowable Maximum Supplemental Nursing Service Charge (150%)**

Geographic Employee Group Class	Group One	Group Two	Group Three
Registered Nurse	\$37.35	\$37.83	\$42.53
LPN	\$26.87	\$27.87	\$33.53
Nursing Aides (CNA)	\$18.45	\$19.34	\$22.58
Trained Medication Aide (TMA)	\$19.50	\$20.79	\$24.77

Group One is the rural group consisting of Beltrami, Big Stone, Cass, Chippewa, Clearwater, Cottonwood, Crow Wing, Hubbard, Jackson, Kandiyohi, Lac Qui Parle, Lake of the Woods, Lincoln, Lyon, Mahnomen, Meeker, Morrison, Murray, Nobles, Pipestone, Redwood, Renville, Rock, Swift, Todd, Yellow Medicine, and Wadena counties.

Group Two is the semi-rural group consisting of Becker, Benton, Blue Earth, Brown, Chisago, Clay, Dodge, Douglas, Faribault, Fillmore, Freeborn, Goodhue, Grant, Houston, Isanti, Kanabec, Kittson, LeSueur, McLeod, Marshall, Martin, Mille Lacs, Mower, Nicollet, Norman, Olmsted, Otter Tail, Pennington, Pine, Polk, Pope, Red Lake, Rice, Roseau, Sherburne, Sibley, Stearns, Steele, Stevens, Traverse, Wabasha, Waseca, Watonwan, Wilkin, Winona, and Wright counties.

Group Three is the metro group consisting of Aitkin, Anoka, Carlton, Carver, Cook, Dakota, Hennepin, Itasca, Koochiching, Lake, Ramsey, Saint Louis, Scott, and Washington counties.

<sup>1</sup> Weighted by the number of employees in each job classification.

SF954

**Fiscal Note – 2005-06 Session**

**Bill #:** H0745-1A **Complete Date:** 03/14/05

**Chief Author:** COX, RAY

**Title:** RICE CTY NURSING FACILITY RATES

Fiscal Impact	Yes	No
State	X	
Local	X	
Fee/Departmental Earnings		X
Tax Revenue		X

**Agency Name:** Human Services Dept

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
<b>Expenditures</b>					
General Fund	0	211	231	231	232
<b>Less Agency Can Absorb</b>					
-- No Impact --					
<b>Net Expenditures</b>					
General Fund	0	211	231	231	232
<b>Revenues</b>					
-- No Impact --					
<b>Net Cost &lt;Savings&gt;</b>					
General Fund	0	211	231	231	232
<b>Total Cost &lt;Savings&gt; to the State</b>	0	211	231	231	232

	FY05	FY06	FY07	FY08	FY09
<b>Full Time Equivalents</b>					
-- No Impact --					
<b>Total FTE</b>					

of those sums is computed. This becomes the target at a case-mix weight of 1.00.

4. The target rate is applied to each facility in a ratio of their current weighted and unweighted portions of their rates. The two are summed to determine a new operating payment rate. The other 35 case-mix rates are computed from this one that has a weight of 1.00.
5. The new rates are compared to the facility's current rates. The differences are multiplied by resident days for the reporting year ended September 30, 2004.

FISCAL NOTE COMPUTATIONS:

	FY 2006	FY 2007	FY 2008	FY 2009
Total Annual Cost/(Savings)	Amount	Amount	Amount	Amount
Increases for Northfield Care Center =	\$497	\$497	\$497	\$497
Increases for Three Links Care Center =	\$494	\$494	\$494	\$494
Property Costs Item 3 =	\$0	\$0	\$0	\$0
Property Costs Item 4 =	\$0	\$0	\$0	\$0
Other Costs Item 5 =	\$0	\$0	\$0	\$0
Total =	\$991	\$991	\$991	\$991
Costs Not Subject to Inflation =	\$0	\$0	\$0	\$0
Costs Subject to Inflation =	\$991	\$993	\$994	\$996
(Includes Inflation on Prior Years)				
Adjust for Inflation				
Case-mix "creep" factor =	0.16%	0.16%	0.16%	0.16%
Adjusted for Inflation =	\$993	\$994	\$996	\$997
Plus Costs Not Subject to Inflation =	\$0	\$0	\$0	\$0
Total =	\$993	\$994	\$996	\$997
Adjust for Occupancy				
Forecasted change in MA paid days =	100.00%	100.00%	100.00%	100.00%
MA Occupancy Percentage =	46.76%	46.76%	46.76%	46.76%
Adjusted for Occupancy =	\$464	\$465	\$466	\$466
Adjust for Effective Date				
Effective Date: 7/1/05				
Includes One Month for Payment System Delay				
Factor =	91.67%			
Total Projected MA Costs/(Savings) =	\$425	\$465	\$466	\$466
	FY 2006	FY 2007	FY 2008	FY 2009
Total Projected MA Costs/(Savings) =	\$425	\$465	\$466	\$466
Federal Share =	\$213	\$232	\$233	\$233
State Budget =	\$211	\$231	\$231	\$232
County Share =	\$1	\$1	\$1	\$1
	FY 2006	FY 2007	FY 2008	FY 2009
MA Grants (State Budget)	\$211	\$231	\$231	\$232
Administrative Costs	\$0	\$0	\$0	\$0
Total Costs/(Savings)	\$211	\$231	\$231	\$232

Agency Contact Name: Greg Tabelle 296-5597  
 FN Coord Signature: STEVE BARTA  
 Date: 03/14/05 Phone: 296-5685

**EBO Comments**

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: DOUG GREEN  
 Date: 03/14/05 Phone: 286-5618

1 Senator ..... moves to amend S.F. No. 954 as follows:

2 Delete everything after the enacting clause and insert:

3 "Section 1. Minnesota Statutes 2004, section 256B.431, is  
4 amended by adding a subdivision to read:

5 Subd. 41. [RATE INCREASE FOR CERTAIN FACILITIES IN RICE  
6 COUNTY.] Effective October 1, 2005, operating payment rates of  
7 nursing facilities in Rice County located within two miles of  
8 Scott County or Dakota County, reimbursed under this section or  
9 section 256B.434, shall be increased to be equal, for a RUGs  
10 rate with a weight of 1.00, to the geographic group III median  
11 rate for the same RUGs weight. The percentage of the operating  
12 payment rate for each facility to be case-mix adjusted shall be  
13 equal to the percentage that is case-mix adjusted in that  
14 facility's September 30, 2005, operating payment rate. This  
15 subdivision shall apply only if it results in a rate increase.  
16 Increases provided by this subdivision shall be added to the  
17 rate determined under any new reimbursement system established  
18 under section 256B.440.

19 Sec. 2. [APPROPRIATION.]

20 \$...,... is appropriated from the general fund to the  
21 commissioner of human services for the biennium beginning July  
22 1, 2005, for the purposes of section 1."

23 Delete the title and insert:

24 "A bill for an act relating to human services; increasing  
25 reimbursement rates for certain nursing facilities in Rice  
26 County; amending Minnesota Statutes 2004, section 256B.431, by  
27 adding a subdivision."

Senators Kubly and Johnson, D.E. introduced--

S.F. No. 1273: Referred to the Committee on Health and Family Security.

1                                   A bill for an act  
2           relating to human services; increasing medical  
3           assistance reimbursement rates for a nursing facility  
4           in Renville County; amending Minnesota Statutes 2004,  
5           section 256B.434, by adding a subdivision.  
6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:  
7           Section 1. Minnesota Statutes 2004, section 256B.434, is  
8           amended by adding a subdivision to read:  
9           Subd. 4f. [RATE INCREASE EFFECTIVE JULY 1, 2005.] For the  
10          rate year beginning July 1, 2005, a nursing facility in Renville  
11          County licensed for 58 beds as of December 1, 2004, shall  
12          receive an increase of \$3.80 in each case mix payment rate to  
13          reflect the amount of Public Employee Retirement Association  
14          (PERA) payments that were made to the facility for the year  
15          ended September 30, 2004. The increase under this subdivision  
16          shall be added following the determination under this chapter of  
17          the payment rate for the year beginning July 1, 2005, and shall  
18          be included in the facility's total payment rates for the  
19          purpose of determining future rates under this section or any  
20          other section.

**Senate Counsel, Research,  
and Fiscal Analysis**

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JO ANNE ZOFF SELLNER  
DIRECTOR

**Senate**

State of Minnesota

**S.F. No. 1273 - Renville County Nursing Home Rate  
Increase**

**Author:** Senator Gary Kubly

**Prepared by:** David Giel, Senate Research (296-7178)



**Date:** March 11, 2005

---

S.F. No. 1273 provides a \$3.80 rate increase for a 58-bed facility in Renville County to reflect the amount of Public Employee Retirement Association (PERA) payments made to the facility in the year ending September 30, 2004.

DG:rdr

**Fiscal Note – 2005-06 Session**

**Bill #:** S1273-0 **Complete Date:** 03/14/05

**Chief Author:** KUBLY, GARY

**Title:** RENVILLE CTY NURSING HOME MA RATE

<b>Fiscal Impact</b>	<b>Yes</b>	<b>No</b>
State	X	
Local	X	
Fee/Departmental Earnings		X
Tax Revenue		X

**Agency Name:** Human Services Dept

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	<b>FY05</b>	<b>FY06</b>	<b>FY07</b>	<b>FY08</b>	<b>FY09</b>
<b>Expenditures</b>					
General Fund	0	18	20	20	20
<b>Less Agency Can Absorb</b>					
-- No Impact --					
<b>Net Expenditures</b>					
General Fund	0	18	20	20	20
<b>Revenues</b>					
-- No Impact --					
<b>Net Cost &lt;Savings&gt;</b>					
General Fund	0	18	20	20	20
<b>Total Cost &lt;Savings&gt; to the State</b>	0	18	20	20	20

	<b>FY05</b>	<b>FY06</b>	<b>FY07</b>	<b>FY08</b>	<b>FY09</b>
<b>Full Time Equivalent</b>					
-- No Impact --					
<b>Total FTE</b>					

**NARRATIVE: SF 1273/HF 1335**

Bill Description

This bill will allow a rate increase of \$3.80 per resident day for the Ren-Villa Nursing Home. The purpose is to replace an anticipated decrease in the rate because PERA cost will be removed from the rate from a sale of the facility to private investors—it is city-owned previously.

Assumptions

It is assumed resident days will not change significantly in the future. The days for the reporting year ending September 30, 2004, are used to compute the cost of this bill.

Expenditure and/or Revenue Formula

The cost was calculated using September 2004 reported resident days of 18,505 times the \$3.80 a resident day called for by the legislation.

Long-Term Fiscal Considerations

The rate adjustment is perpetual.

Local Government Costs

There is a percentage of county costs, but it rounds to zero.

References/Sources

2004 cost report

NURSING HOME FISCAL NOTE  
SF 1273 HF 1335

TOPIC: Increase MA payment rates for nursing facility in Renville County

ASSUMPTIONS: ALL AMOUNTS IN \$000's

1. The Nursing Facility Rates and Policy Division used the following assumptions and computations to approximate the fiscal impact of this bill. After estimating the annual fiscal impact of the bill, the department adjusts that amount to determine the State Budget impact by using the following assumptions:
  - the rate year begins on July 1
  - payment for services lags the provision of services by one month
  - the annual cost/savings is adjusted by:
    - inflation factors
    - percentage of medical assistance occupancy
    - the percentage of federal and state shares
2. The cost was calculated using September 2004 reported resident days of 18,505 times the \$3.80 a resident day called for by the legislation.
3. It is assumed resident days will not change significantly in the future.

FISCAL NOTE COMPUTATIONS:

	FY 2006	FY 2007	FY 2008	FY 2009
Total Annual Cost/(Savings)	Amount	Amount	Amount	Amount
Operating Costs Item 1 =	\$70	\$70	\$70	\$70
Operating Costs Item 2 =	\$0	\$0	\$0	\$0
Property Costs Item 3 =	\$0	\$0	\$0	\$0
Property Costs Item 4 =	\$0	\$0	\$0	\$0
Other Costs Item 5 =	\$0	\$0	\$0	\$0
Total =	\$70	\$70	\$70	\$70
Costs Not Subject to Inflation =	\$0	\$0	\$0	\$0
Costs Subject to Inflation =	\$70	\$70	\$71	\$71
(Includes Inflation on Prior Years)				
Adjust for Inflation				
Case-mix "creep" factor =	0.16%	0.16%	0.16%	0.16%
Adjusted for Inflation =	\$70	\$71	\$71	\$71
Plus Costs Not Subject to Inflation =	\$0	\$0	\$0	\$0
Total =	\$70	\$71	\$71	\$71

Adjust for Occupancy				
Forecasted change in MA paid days =	100.00%	100.00%	100.00%	100.00%
MA Occupancy Percentage =	56.50%	56.50%	56.50%	56.50%
Adjusted for Occupancy =	\$40	\$40	\$40	\$40

Adjust for Effective Date  
 Effective Date: 7/1/05  
 Includes One Month for Payment System Delay

Factor =	91.67%			
Total Projected MA Costs/(Savings) =	\$36	\$40	\$40	\$40

	FY 2006	FY 2007	FY 2008	FY 2009
Total Projected MA Costs/(Savings) =	\$36	\$40	\$40	\$40
Federal Share =	\$18	\$20	\$20	\$20
State Budget =	\$18	\$20	\$20	\$20
County Share =	\$0	\$0	\$0	\$0

	FY 2006	FY 2007	FY 2008	FY 2009
MA Grants (State Budget)	\$18	\$20	\$20	\$20
Administrative Costs	\$0	\$0	\$0	\$0
Total Costs/(Savings)	\$18	\$20	\$20	\$20

Agency Contact Name: Greg Tabelle 296-5597  
 FN Coord Signature: STEVE BARTA  
 Date: 03/14/05 Phone: 296-5685

**EBO Comments**

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: DOUG GREEN  
 Date: 03/14/05 Phone: 286-5618

Senator Vickerman introduced--

S.F. No. 1414: Referred to the Committee on Finance.

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A bill for an act

relating to human services; increasing the reimbursement rate for a nursing facility in Jackson County; amending Minnesota Statutes 2004, section 256B.434, by adding a subdivision.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 2004, section 256B.434, is amended by adding a subdivision to read:

Subd. 4f. [FACILITY RATE INCREASE EFFECTIVE JULY 1, 2005.]

For the rate year beginning July 1, 2005, a nursing facility in Jackson County licensed for 35 beds as of August 2004 shall receive an increase of \$9.25 in each case mix payment rate. The increase under this subdivision shall be added following the determination under this chapter of the payment rate for the rate year beginning July 1, 2005, and shall be included in the facility's total payment rates for the purpose of determining future rates under this section or any other section.

**Senate Counsel, Research,  
and Fiscal Analysis**

G-17 STATE CAPITOL  
75 REV. DR. MARTIN LUTHER KING, JR. BLVD.  
ST. PAUL, MN 55155-1606  
(651) 296-4791  
FAX: (651) 296-7747  
JO ANNE ZOFF SELLNER  
DIRECTOR

# Senate

State of Minnesota

## **S.F. No. 1414 - Jackson County Nursing Home Rate Increase**

**Author:** Senator Jim Vickerman

**Prepared by:** David Giel, Senate Research (296-7178)



**Date:** March 11, 2005

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**S.F. No. 1414** provides a \$9.25 rate increase for a 35-bed facility in Jackson County.

DG:rdr

**Fiscal Note – 2005-06 Session**

**Bill #:** S1414-0 **Complete Date:** 03/14/05

**Chief Author:** VICKERMAN, JAMES

**Title:** JACKSON CTY NURSING FACILITY MA RATE

<b>Fiscal Impact</b>	<b>Yes</b>	<b>No</b>
State	X	
Local	X	
Fee/Departmental Earnings		X
Tax Revenue		X

**Agency Name:** Human Services Dept

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

<b>Dollars (in thousands)</b>	<b>FY05</b>	<b>FY06</b>	<b>FY07</b>	<b>FY08</b>	<b>FY09</b>
<b>Expenditures</b>					
General Fund	0	32	35	35	35
<b>Less Agency Can Absorb</b>					
-- No Impact --					
<b>Net Expenditures</b>					
General Fund	0	32	35	35	35
<b>Revenues</b>					
-- No Impact --					
<b>Net Cost &lt;Savings&gt;</b>					
General Fund	0	32	35	35	35
<b>Total Cost &lt;Savings&gt; to the State</b>	0	32	35	35	35

	<b>FY05</b>	<b>FY06</b>	<b>FY07</b>	<b>FY08</b>	<b>FY09</b>
<b>Full Time Equivalents</b>					
-- No Impact --					
<b>Total FTE</b>					

Forecasted change in MA paid days =	100.00%	100.00%	100.00%	100.00%
MA Occupancy Percentage =	46.08%	46.08%	46.08%	46.08%
Adjusted for Occupancy =	\$69	\$70	\$70	\$70

Adjust for Effective Date

Effective Date: 7/1/05

Includes One Month for Payment System Delay

Factor =	91.67%			
Total Projected MA Costs/(Savings) =	\$64	\$70	\$70	\$70

	FY 2006	FY 2007	FY 2008	FY 2009
Total Projected MA Costs/(Savings) =	\$64	\$70	\$70	\$70
Federal Share =	\$32	\$35	\$35	\$35
State Budget =	\$32	\$35	\$35	\$35
County Share =	\$0	\$0	\$0	\$0

	FY 2006	FY 2007	FY 2008	FY 2009
MA Grants (State Budget)	\$32	\$35	\$35	\$35
Administrative Costs	\$0	\$0	\$0	\$0
Total Costs/(Savings)	\$32	\$35	\$35	\$35

Agency Contact Name: Greg Tabbelle 296-5597

FN Coord Signature: STEVE BARTA

Date: 03/14/05 Phone: 296-5685

**EBO Comments**

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: DOUG GREEN

Date: 03/14/05 Phone: 286-5618

County	Jackson			Cottonwood			Nobles							
Nsg. Homes	Lakeview	Jackson	Colonial	Mt. Lake	Westbrook	Windom	Adrian	Ellsworth	Crossroads	S. Shore		Avg.	Lakeview	Dollars difference
														per resident per day
SE3	162.29	175.35	182.93	185.92	182.63	189.3	179.67	170.63	197.32	196.25		184.44	162.29	\$ 22.15
SE2	146.66	159.09	165.56	169.20	166.40	171.20	162.53	153.34	177.99	176.33		166.85	146.66	\$ 20.19
SE1	136.58	148.59	154.36	158.41	155.92	159.53	151.47	142.19	165.52	163.48		155.50	136.58	\$ 18.92
RAD	142.12	154.36	160.52	164.35	161.68	165.95	157.55	148.32	172.38	170.55		161.74	142.12	\$ 19.62
RAC	124.98	136.53	141.48	146.01	143.88	146.10	138.79	129.36	151.18	148.7		142.45	124.98	\$ 17.47
RAB	120.94	132.33	137.00	141.69	139.69	141.43	134.33	124.89	146.19	143.56		137.90	120.94	\$ 16.96
RAA	112.87	123.94	128.04	133.06	131.31	132.08	125.49	115.97	136.21	133.29		128.82	112.87	\$ 15.95
SSC	131.03	142.82	148.20	152.48	150.16	153.1	145.39	136.05	158.66	156.41		149.25	131.03	\$ 18.22
SSB	126.99	138.63	143.72	148.16	145.97	148.43	140.97	131.59	153.67	151.27		144.71	126.99	\$ 17.72
SSA	122.46	133.91	138.68	143.31	141.26	143.18	135.99	126.57	148.06	145.49		139.61	122.46	\$ 17.15
CC2	135.57	147.54	153.24	157.33	154.87	158.36	150.37	141.07	164.27	162.2		154.36	135.57	\$ 18.79
CC1	123.46	134.95	139.80	144.39	142.30	144.35	137.10	127.68	149.3	146.78		140.74	123.46	\$ 17.28
CB2	117.92	129.18	133.64	138.46	136.54	137.92	131.02	121.55	142.45	139.71		134.50	117.92	\$ 16.58
CB1	112.87	123.94	128.04	133.06	131.31	132.08	125.49	115.97	136.21	133.29		128.82	112.87	\$ 15.95
CA2	112.87	123.94	128.04	133.06	131.31	132.08	125.49	115.97	136.21	133.29		128.82	112.87	\$ 15.95
CA1	106.82	117.64	121.32	126.59	125.02	125.08	118.85	109.28	128.73	125.58		122.01	106.82	\$ 15.19
IB2	103.29	113.97	117.40	122.81	121.36	120.99	114.98	105.37	124.36	121.08		118.04	103.29	\$ 14.75
IB1	97.76	108.20	111.24	116.88	115.59	114.57	108.90	99.24	117.50	114.01		111.79	97.76	\$ 14.03
IA2	95.22	105.58	108.44	114.19	112.98	111.65	106.14	96.45	114.39	110.8		108.96	95.22	\$ 13.74
IA1	87.16	97.18	99.48	105.56	104.60	102.31	97.29	87.52	104.41	100.52		99.87	87.16	\$ 12.71
BB2	97.24	107.68	110.68	116.34	115.07	113.98	108.35	98.68	116.88	113.37		111.23	97.24	\$ 13.99
BB1	95.22	105.58	108.44	114.19	112.98	111.65	106.14	96.45	114.39	110.8		108.96	95.22	\$ 13.74
BA2	91.19	101.38	103.96	109.87	108.79	106.98	101.71	91.98	109.4	105.66		104.41	91.19	\$ 13.22
BA1	90.18	100.33	102.84	108.79	107.74	105.81	100.61	90.87	108.15	104.37		103.28	90.18	\$ 13.10
PE2	110.86	121.84	125.80	130.91	129.27	129.75	123.28	113.74	133.72	130.72		126.56	110.86	\$ 15.70
PE1	109.85	120.79	124.68	129.83	128.16	128.58	122.17	112.62	132.47	129.43		125.41	109.85	\$ 15.56
PD2	103.29	113.79	117.40	122.81	121.36	120.99	114.98	105.37	124.36	121.08		118.02	103.29	\$ 14.73
PD1	102.79	113.45	116.84	122.28	120.83	120.41	114.43	104.81	123.74	120.44		117.47	102.79	\$ 14.68
PC2	102.79	113.45	116.84	122.28	120.83	120.41	114.43	104.81	123.74	120.44		117.47	102.79	\$ 14.68
PC1	102.79	113.45	116.84	122.28	120.83	120.41	114.43	104.81	123.74	120.44		117.47	102.79	\$ 14.68
PB2	92.20	102.43	105.08	110.95	109.83	108.14	102.82	93.10	110.64	106.94		105.55	92.20	\$ 13.35
PB1	92.20	102.43	105.08	110.95	109.83	108.14	102.82	93.10	110.64	106.94		105.55	92.20	\$ 13.35
PA2	90.69	100.86	103.40	109.33	108.26	106.39	101.16	91.43	108.77	105.02		103.85	90.69	\$ 13.16
PA1	90.18	100.33	102.84	108.79	107.74	105.81	100.61	90.87	108.15	104.37		103.28	90.18	\$ 13.10
BC1	87.16	97.18	99.48	105.56	104.60	102.31	97.29	87.52	104.41	100.52		99.87	87.16	\$ 12.71
DDF	110.86	121.84	125.80	130.91	129.21	129.75	123.28	113.74	133.72	130.72		126.55	110.86	\$ 15.69

Senators Ortman, Robling and Limmer introduced--  
S.F. No. 800: Referred to the Committee on Health and Family Security.

1 A bill for an act

2 relating to health; providing an exception to the  
3 moratorium on certification of nursing home beds;  
4 amending Minnesota Statutes 2004, section 144A.071,  
5 subdivision 4a.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

7 Section 1. Minnesota Statutes 2004, section 144A.071,  
8 subdivision 4a, is amended to read:

9 Subd. 4a. [EXCEPTIONS FOR REPLACEMENT BEDS.] It is in the  
10 best interest of the state to ensure that nursing homes and  
11 boarding care homes continue to meet the physical plant  
12 licensing and certification requirements by permitting certain  
13 construction projects. Facilities should be maintained in  
14 condition to satisfy the physical and emotional needs of  
15 residents while allowing the state to maintain control over  
16 nursing home expenditure growth.

17 The commissioner of health in coordination with the  
18 commissioner of human services, may approve the renovation,  
19 replacement, upgrading, or relocation of a nursing home or  
20 boarding care home, under the following conditions:

21 (a) to license or certify beds in a new facility  
22 constructed to replace a facility or to make repairs in an  
23 existing facility that was destroyed or damaged after June 30,  
24 1987, by fire, lightning, or other hazard provided:

25 (i) destruction was not caused by the intentional act of or

1 at the direction of a controlling person of the facility;

2 (ii) at the time the facility was destroyed or damaged the  
3 controlling persons of the facility maintained insurance  
4 coverage for the type of hazard that occurred in an amount that  
5 a reasonable person would conclude was adequate;

6 (iii) the net proceeds from an insurance settlement for the  
7 damages caused by the hazard are applied to the cost of the new  
8 facility or repairs;

9 (iv) the new facility is constructed on the same site as  
10 the destroyed facility or on another site subject to the  
11 restrictions in section 144A.073, subdivision 5;

12 (v) the number of licensed and certified beds in the new  
13 facility does not exceed the number of licensed and certified  
14 beds in the destroyed facility; and

15 (vi) the commissioner determines that the replacement beds  
16 are needed to prevent an inadequate supply of beds.

17 Project construction costs incurred for repairs authorized under  
18 this clause shall not be considered in the dollar threshold  
19 amount defined in subdivision 2;

20 (b) to license or certify beds that are moved from one  
21 location to another within a nursing home facility, provided the  
22 total costs of remodeling performed in conjunction with the  
23 relocation of beds does not exceed \$1,000,000;

24 (c) to license or certify beds in a project recommended for  
25 approval under section 144A.073;

26 (d) to license or certify beds that are moved from an  
27 existing state nursing home to a different state facility,  
28 provided there is no net increase in the number of state nursing  
29 home beds;

30 (e) to certify and license as nursing home beds boarding  
31 care beds in a certified boarding care facility if the beds meet  
32 the standards for nursing home licensure, or in a facility that  
33 was granted an exception to the moratorium under section  
34 144A.073, and if the cost of any remodeling of the facility does  
35 not exceed \$1,000,000. If boarding care beds are licensed as  
36 nursing home beds, the number of boarding care beds in the

1 facility must not increase beyond the number remaining at the  
2 time of the upgrade in licensure. The provisions contained in  
3 section 144A.073 regarding the upgrading of the facilities do  
4 not apply to facilities that satisfy these requirements;

5 (f) to license and certify up to 40 beds transferred from  
6 an existing facility owned and operated by the Amherst H. Wilder  
7 Foundation in the city of St. Paul to a new unit at the same  
8 location as the existing facility that will serve persons with  
9 Alzheimer's disease and other related disorders. The transfer  
10 of beds may occur gradually or in stages, provided the total  
11 number of beds transferred does not exceed 40. At the time of  
12 licensure and certification of a bed or beds in the new unit,  
13 the commissioner of health shall delicense and decertify the  
14 same number of beds in the existing facility. As a condition of  
15 receiving a license or certification under this clause, the  
16 facility must make a written commitment to the commissioner of  
17 human services that it will not seek to receive an increase in  
18 its property-related payment rate as a result of the transfers  
19 allowed under this paragraph;

20 (g) to license and certify nursing home beds to replace  
21 currently licensed and certified boarding care beds which may be  
22 located either in a remodeled or renovated boarding care or  
23 nursing home facility or in a remodeled, renovated, newly  
24 constructed, or replacement nursing home facility within the  
25 identifiable complex of health care facilities in which the  
26 currently licensed boarding care beds are presently located,  
27 provided that the number of boarding care beds in the facility  
28 or complex are decreased by the number to be licensed as nursing  
29 home beds and further provided that, if the total costs of new  
30 construction, replacement, remodeling, or renovation exceed ten  
31 percent of the appraised value of the facility or \$200,000,  
32 whichever is less, the facility makes a written commitment to  
33 the commissioner of human services that it will not seek to  
34 receive an increase in its property-related payment rate by  
35 reason of the new construction, replacement, remodeling, or  
36 renovation. The provisions contained in section 144A.073

1 regarding the upgrading of facilities do not apply to facilities  
2 that satisfy these requirements;

3 (h) to license as a nursing home and certify as a nursing  
4 facility a facility that is licensed as a boarding care facility  
5 but not certified under the medical assistance program, but only  
6 if the commissioner of human services certifies to the  
7 commissioner of health that licensing the facility as a nursing  
8 home and certifying the facility as a nursing facility will  
9 result in a net annual savings to the state general fund of  
10 \$200,000 or more;

11 (i) to certify, after September 30, 1992, and prior to July  
12 1, 1993, existing nursing home beds in a facility that was  
13 licensed and in operation prior to January 1, 1992;

14 (j) to license and certify new nursing home beds to replace  
15 beds in a facility acquired by the Minneapolis Community  
16 Development Agency as part of redevelopment activities in a city  
17 of the first class, provided the new facility is located within  
18 three miles of the site of the old facility. Operating and  
19 property costs for the new facility must be determined and  
20 allowed under section 256B.431 or 256B.434;

21 (k) to license and certify up to 20 new nursing home beds  
22 in a community-operated hospital and attached convalescent and  
23 nursing care facility with 40 beds on April 21, 1991, that  
24 suspended operation of the hospital in April 1986. The  
25 commissioner of human services shall provide the facility with  
26 the same per diem property-related payment rate for each  
27 additional licensed and certified bed as it will receive for its  
28 existing 40 beds;

29 (l) to license or certify beds in renovation, replacement,  
30 or upgrading projects as defined in section 144A.073,  
31 subdivision 1, so long as the cumulative total costs of the  
32 facility's remodeling projects do not exceed \$1,000,000;

33 (m) to license and certify beds that are moved from one  
34 location to another for the purposes of converting up to five  
35 four-bed wards to single or double occupancy rooms in a nursing  
36 home that, as of January 1, 1993, was county-owned and had a

1 licensed capacity of 115 beds;

2 (n) to allow a facility that on April 16, 1993, was a  
3 106-bed licensed and certified nursing facility located in  
4 Minneapolis to layaway all of its licensed and certified nursing  
5 home beds. These beds may be relicensed and recertified in a  
6 newly-constructed teaching nursing home facility affiliated with  
7 a teaching hospital upon approval by the legislature. The  
8 proposal must be developed in consultation with the interagency  
9 committee on long-term care planning. The beds on layaway  
10 status shall have the same status as voluntarily delicensed and  
11 decertified beds, except that beds on layaway status remain  
12 subject to the surcharge in section 256.9657. This layaway  
13 provision expires July 1, 1998;

14 (o) to allow a project which will be completed in  
15 conjunction with an approved moratorium exception project for a  
16 nursing home in southern Cass County and which is directly  
17 related to that portion of the facility that must be repaired,  
18 renovated, or replaced, to correct an emergency plumbing problem  
19 for which a state correction order has been issued and which  
20 must be corrected by August 31, 1993;

21 (p) to allow a facility that on April 16, 1993, was a  
22 368-bed licensed and certified nursing facility located in  
23 Minneapolis to layaway, upon 30 days prior written notice to the  
24 commissioner, up to 30 of the facility's licensed and certified  
25 beds by converting three-bed wards to single or double  
26 occupancy. Beds on layaway status shall have the same status as  
27 voluntarily delicensed and decertified beds except that beds on  
28 layaway status remain subject to the surcharge in section  
29 256.9657, remain subject to the license application and renewal  
30 fees under section 144A.07 and shall be subject to a \$100 per  
31 bed reactivation fee. In addition, at any time within three  
32 years of the effective date of the layaway, the beds on layaway  
33 status may be:

34 (1) relicensed and recertified upon relocation and  
35 reactivation of some or all of the beds to an existing licensed  
36 and certified facility or facilities located in Pine River,

1 Brainerd, or International Falls; provided that the total  
2 project construction costs related to the relocation of beds  
3 from layaway status for any facility receiving relocated beds  
4 may not exceed the dollar threshold provided in subdivision 2  
5 unless the construction project has been approved through the  
6 moratorium exception process under section 144A.073;

7 (2) relicensed and recertified, upon reactivation of some  
8 or all of the beds within the facility which placed the beds in  
9 layaway status, if the commissioner has determined a need for  
10 the reactivation of the beds on layaway status.

11 The property-related payment rate of a facility placing  
12 beds on layaway status must be adjusted by the incremental  
13 change in its rental per diem after recalculating the rental per  
14 diem as provided in section 256B.431, subdivision 3a, paragraph  
15 (c). The property-related payment rate for a facility  
16 relicensing and recertifying beds from layaway status must be  
17 adjusted by the incremental change in its rental per diem after  
18 recalculating its rental per diem using the number of beds after  
19 the relicensing to establish the facility's capacity day  
20 divisor, which shall be effective the first day of the month  
21 following the month in which the relicensing and recertification  
22 became effective. Any beds remaining on layaway status more  
23 than three years after the date the layaway status became  
24 effective must be removed from layaway status and immediately  
25 delicensed and decertified;

26 (q) to license and certify beds in a renovation and  
27 remodeling project to convert 12 four-bed wards into 24 two-bed  
28 rooms, expand space, and add improvements in a nursing home  
29 that, as of January 1, 1994, met the following conditions: the  
30 nursing home was located in Ramsey County; had a licensed  
31 capacity of 154 beds; and had been ranked among the top 15  
32 applicants by the 1993 moratorium exceptions advisory review  
33 panel. The total project construction cost estimate for this  
34 project must not exceed the cost estimate submitted in  
35 connection with the 1993 moratorium exception process;

36 (r) to license and certify up to 117 beds that are

1 relocated from a licensed and certified 138-bed nursing facility  
2 located in St. Paul to a hospital with 130 licensed hospital  
3 beds located in South St. Paul, provided that the nursing  
4 facility and hospital are owned by the same or a related  
5 organization and that prior to the date the relocation is  
6 completed the hospital ceases operation of its inpatient  
7 hospital services at that hospital. After relocation, the  
8 nursing facility's status under section 256B.431, subdivision  
9 2j, shall be the same as it was prior to relocation. The  
10 nursing facility's property-related payment rate resulting from  
11 the project authorized in this paragraph shall become effective  
12 no earlier than April 1, 1996. For purposes of calculating the  
13 incremental change in the facility's rental per diem resulting  
14 from this project, the allowable appraised value of the nursing  
15 facility portion of the existing health care facility physical  
16 plant prior to the renovation and relocation may not exceed  
17 \$2,490,000;

18 (s) to license and certify two beds in a facility to  
19 replace beds that were voluntarily delicensed and decertified on  
20 June 28, 1991;

21 (t) to allow 16 licensed and certified beds located on July  
22 1, 1994, in a 142-bed nursing home and 21-bed boarding care home  
23 facility in Minneapolis, notwithstanding the licensure and  
24 certification after July 1, 1995, of the Minneapolis facility as  
25 a 147-bed nursing home facility after completion of a  
26 construction project approved in 1993 under section 144A.073, to  
27 be laid away upon 30 days' prior written notice to the  
28 commissioner. Beds on layaway status shall have the same status  
29 as voluntarily delicensed or decertified beds except that they  
30 shall remain subject to the surcharge in section 256.9657. The  
31 16 beds on layaway status may be relicensed as nursing home beds  
32 and recertified at any time within five years of the effective  
33 date of the layaway upon relocation of some or all of the beds  
34 to a licensed and certified facility located in Watertown,  
35 provided that the total project construction costs related to  
36 the relocation of beds from layaway status for the Watertown

1 facility may not exceed the dollar threshold provided in  
2 subdivision 2 unless the construction project has been approved  
3 through the moratorium exception process under section 144A.073.

4 The property-related payment rate of the facility placing  
5 beds on layaway status must be adjusted by the incremental  
6 change in its rental per diem after recalculating the rental per  
7 diem as provided in section 256B.431, subdivision 3a, paragraph  
8 (c). The property-related payment rate for the facility  
9 relicensing and recertifying beds from layaway status must be  
10 adjusted by the incremental change in its rental per diem after  
11 recalculating its rental per diem using the number of beds after  
12 the relicensing to establish the facility's capacity day  
13 divisor, which shall be effective the first day of the month  
14 following the month in which the relicensing and recertification  
15 became effective. Any beds remaining on layaway status more  
16 than five years after the date the layaway status became  
17 effective must be removed from layaway status and immediately  
18 delicensed and decertified;

19 (u) to license and certify beds that are moved within an  
20 existing area of a facility or to a newly constructed addition  
21 which is built for the purpose of eliminating three- and  
22 four-bed rooms and adding space for dining, lounge areas,  
23 bathing rooms, and ancillary service areas in a nursing home  
24 that, as of January 1, 1995, was located in Fridley and had a  
25 licensed capacity of 129 beds;

26 (v) to relocate 36 beds in Crow Wing County and four beds  
27 from Hennepin County to a 160-bed facility in Crow Wing County,  
28 provided all the affected beds are under common ownership;

29 (w) to license and certify a total replacement project of  
30 up to 49 beds located in Norman County that are relocated from a  
31 nursing home destroyed by flood and whose residents were  
32 relocated to other nursing homes. The operating cost payment  
33 rates for the new nursing facility shall be determined based on  
34 the interim and settle-up payment provisions of Minnesota Rules,  
35 part 9549.0057, and the reimbursement provisions of section  
36 256B.431, except that subdivision 26, paragraphs (a) and (b),

1 shall not apply until the second rate year after the settle-up  
2 cost report is filed. Property-related reimbursement rates  
3 shall be determined under section 256B.431, taking into account  
4 any federal or state flood-related loans or grants provided to  
5 the facility;

6 (x) to license and certify a total replacement project of  
7 up to 129 beds located in Polk County that are relocated from a  
8 nursing home destroyed by flood and whose residents were  
9 relocated to other nursing homes. The operating cost payment  
10 rates for the new nursing facility shall be determined based on  
11 the interim and settle-up payment provisions of Minnesota Rules,  
12 part 9549.0057, and the reimbursement provisions of section  
13 256B.431, except that subdivision 26, paragraphs (a) and (b),  
14 shall not apply until the second rate year after the settle-up  
15 cost report is filed. Property-related reimbursement rates  
16 shall be determined under section 256B.431, taking into account  
17 any federal or state flood-related loans or grants provided to  
18 the facility;

19 (y) to license and certify beds in a renovation and  
20 remodeling project to convert 13 three-bed wards into 13 two-bed  
21 rooms and 13 single-bed rooms, expand space, and add  
22 improvements in a nursing home that, as of January 1, 1994, met  
23 the following conditions: the nursing home was located in  
24 Ramsey County, was not owned by a hospital corporation, had a  
25 licensed capacity of 64 beds, and had been ranked among the top  
26 15 applicants by the 1993 moratorium exceptions advisory review  
27 panel. The total project construction cost estimate for this  
28 project must not exceed the cost estimate submitted in  
29 connection with the 1993 moratorium exception process;

30 (z) to license and certify up to 150 nursing home beds to  
31 replace an existing 285 bed nursing facility located in St.  
32 Paul. The replacement project shall include both the renovation  
33 of existing buildings and the construction of new facilities at  
34 the existing site. The reduction in the licensed capacity of  
35 the existing facility shall occur during the construction  
36 project as beds are taken out of service due to the construction

1 process. Prior to the start of the construction process, the  
2 facility shall provide written information to the commissioner  
3 of health describing the process for bed reduction, plans for  
4 the relocation of residents, and the estimated construction  
5 schedule. The relocation of residents shall be in accordance  
6 with the provisions of law and rule;

7 (aa) to allow the commissioner of human services to license  
8 an additional 36 beds to provide residential services for the  
9 physically handicapped under Minnesota Rules, parts 9570.2000 to  
10 9570.3400, in a 198-bed nursing home located in Red Wing,  
11 provided that the total number of licensed and certified beds at  
12 the facility does not increase;

13 (bb) to license and certify a new facility in St. Louis  
14 county with 44 beds constructed to replace an existing facility  
15 in St. Louis County with 31 beds, which has resident rooms on  
16 two separate floors and an antiquated elevator that creates  
17 safety concerns for residents and prevents nonambulatory  
18 residents from residing on the second floor. The project shall  
19 include the elimination of three- and four-bed rooms;

20 (cc) to license and certify four beds in a 16-bed certified  
21 boarding care home in Minneapolis to replace beds that were  
22 voluntarily delicensed and decertified on or before March 31,  
23 1992. The licensure and certification is conditional upon the  
24 facility periodically assessing and adjusting its resident mix  
25 and other factors which may contribute to a potential  
26 institution for mental disease declaration. The commissioner of  
27 human services shall retain the authority to audit the facility  
28 at any time and shall require the facility to comply with any  
29 requirements necessary to prevent an institution for mental  
30 disease declaration, including delicensure and decertification  
31 of beds, if necessary;

32 (dd) to license and certify 72 beds in an existing facility  
33 in Mille Lacs County with 80 beds as part of a renovation  
34 project. The renovation must include construction of an  
35 addition to accommodate ten residents with beginning and  
36 midstage dementia in a self-contained living unit; creation of

1 three resident households where dining, activities, and support  
2 spaces are located near resident living quarters; designation of  
3 four beds for rehabilitation in a self-contained area;  
4 designation of 30 private rooms; and other improvements;

5 (ee) to license and certify beds in a facility that has  
6 undergone replacement or remodeling as part of a planned closure  
7 under section 256B.437;

8 (ff) to license and certify a total replacement project of  
9 up to 124 beds located in Wilkin County that are in need of  
10 relocation from a nursing home significantly damaged by flood.  
11 The operating cost payment rates for the new nursing facility  
12 shall be determined based on the interim and settle-up payment  
13 provisions of Minnesota Rules, part 9549.0057, and the  
14 reimbursement provisions of section 256B.431, except that  
15 section 256B.431, subdivision 26, paragraphs (a) and (b), shall  
16 not apply until the second rate year after the settle-up cost  
17 report is filed. Property-related reimbursement rates shall be  
18 determined under section 256B.431, taking into account any  
19 federal or state flood-related loans or grants provided to the  
20 facility;

21 (gg) to allow the commissioner of human services to license  
22 an additional nine beds to provide residential services for the  
23 physically handicapped under Minnesota Rules, parts 9570.2000 to  
24 9570.3400, in a 240-bed nursing home located in Duluth, provided  
25 that the total number of licensed and certified beds at the  
26 facility does not increase;

27 (hh) to license and certify up to 120 new nursing facility  
28 beds to replace beds in a facility in Anoka County, which was  
29 licensed for 98 beds as of July 1, 2000, provided the new  
30 facility is located within four miles of the existing facility  
31 and is in Anoka County. Operating and property rates shall be  
32 determined and allowed under section 256B.431 and Minnesota  
33 Rules, parts 9549.0010 to 9549.0080, or section 256B.434 or  
34 256B.435. The provisions of section 256B.431, subdivision 26,  
35 paragraphs (a) and (b), do not apply until the second rate year  
36 following settle-up; or

1 (ii) to transfer up to 98 beds of a 129-licensed bed  
2 facility located in Anoka County that, as of March 25, 2001, is  
3 in the active process of closing, to a 122-licensed bed  
4 nonprofit nursing facility located in the city of Columbia  
5 Heights or its affiliate. The transfer is effective when the  
6 receiving facility notifies the commissioner in writing of the  
7 number of beds accepted. The commissioner shall place all  
8 transferred beds on layaway status held in the name of the  
9 receiving facility. The layaway adjustment provisions of  
10 section 256B.431, subdivision 30, do not apply to this layaway.  
11 The receiving facility may only remove the beds from layaway for  
12 recertification and relicensure at the receiving facility's  
13 current site, or at a newly constructed facility located in  
14 Anoka County. The receiving facility must receive statutory  
15 authorization before removing these beds from layaway status; or  
16 (jj) to license and certify a new facility in Carver County  
17 with 48 nursing home beds constructed to replace an existing  
18 facility in Carver County with 33 nursing home beds and four  
19 boarding care beds, which has resident rooms on two floors, an  
20 antiquated elevator, no private bathrooms, and no central air  
21 conditioning. The replacement project will eliminate six  
22 four-bed wards and one three-bed ward, increase living spaces,  
23 eliminate the need for a physical plant waiver, and improve the  
24 resident quality of life.

**Senate Counsel, Research,  
and Fiscal Analysis**

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DIRECTOR

**Senate**

**State of Minnesota**

**S.F. No. 800 - Nursing Facility Construction Moratorium  
Exception for Facility in Carver County (the  
Delete-Everything Amendment)**

**Author:** Senator Julianne Ortman

**Prepared by:** David Giel, Senate Research (296-7178)

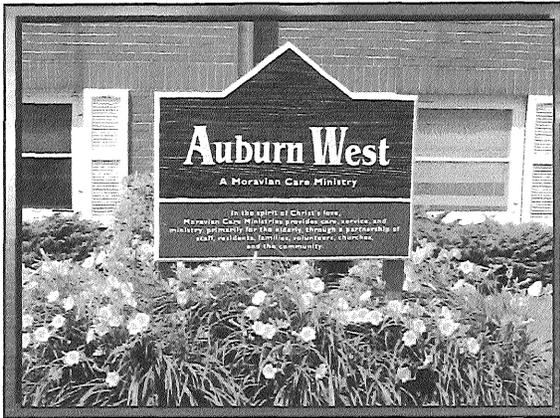


**Date:** March 3, 2005

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**S.F. No. 800** provides an exception to the nursing facility construction moratorium for a 48-bed facility in Carver County to replace an existing facility with 33 nursing facility beds and four boarding care beds that has resident rooms on two floors, an antiquated elevator, no private bathrooms, and no central air conditioning.

DG:rdr





**Auburn West  
Waconia, Minnesota**

March, 2005

**Request for an exception to the nursing home moratorium  
in order to replace the existing facility of 37 beds with a new  
facility and to restore the licensed capacity to 43 beds.**

**SF 800**

Contact Person: Wayne Ward, Administrator  
Auburn West  
232 Elm Street  
Waconia, MN 55387  
Phone: 952-442-2546  
Voice Mail: 952-361-0340  
E-Mail: [wward@moraviancare.org](mailto:wward@moraviancare.org)

## Request for Moratorium Exception

Auburn West is proposing an amendment to Minnesota Statutes 2003, Chapter 144A.071, to allow the construction of a new facility to replace our existing facility in Waconia, MN. Auburn West is licensed and certified for 33 skilled nursing home beds and 4 board and care beds. The replacement facility would be licensed and certified for 43 skilled nursing home beds.

This replacement is needed to continue to serve the healthcare needs of a growing population of seniors in a community and county that is seeing rapid growth and development on the south-western edge of the Twin City metro area. The current facility is over 60 years old and was originally constructed as a hospital and converted in 1963 to a 43-bed nursing home. Because of the number of beds in some rooms – up to six beds in at least two rooms – the facility was required to de-license 6 beds between 1985 and 1991, bringing the capacity to 37 licensed beds.

The following points demonstrate the need for this replacement:

- **The facility has 12 rooms for 37 residents:** Six rooms have 4 residents in each; one has 3 residents; four have 2 residents in each room; and two are single-occupancy.
- **Only three rooms have access to a bathroom without requiring the resident to leave the room.** (These three rooms each have four beds.)
- **25 of 37 residents share three bathrooms, two of which are located near the main entry and nursing station, the busiest area of the facility.**

*The issues of multiple-occupancy rooms and the lack of private bathrooms are the most serious and compelling reasons a new facility is necessary.*

*Other problems with the current facility include:*

- The four board and care beds are located in the “lower level,” which is partially below grade level.
- There is one common-use room, or dayroom, on the main level. This is used by half the residents for meals, as well as for group activities, worship services, visiting, or watching TV.
- The lower level has a dining room that the other half of the residents use, requiring these residents to be transported to this level by elevator.
- The elevator is old, noisy, “clunky,” and, to some, frightening.

- Because the building is small, the center section near the bathrooms and nursing station are often congested and difficult for residents to negotiate, especially those in wheelchairs.
- The building entrances are only accessible by steps, except for a side entrance which can be accessed with the elevator.
- There is no central air conditioning or air exchange system. In the summer, window air conditioners are put in place and provide some relief. Heating is provided by hot water radiators.
- The facility, located in the heart of Waconia, occupies a small lot with no room for expansion or replacement on site.
- Storage space and office space are minimal.

### Caring and Professional Staff

- Auburn West employs about 50 employees. Despite the building, they like working here and caring for the residents. Because of them, we have an excellent reputation and an outstanding record of Health Department surveys. We always receive one deficiency because two of the resident rooms have insufficient square footage to meet minimum requirements. This necessitates our requesting a waiver, which is always granted. Until the survey in the summer of 2004, *for four straight years, that was the only deficiency we received.* Last year, we received four other deficiencies, all of which were relatively minor and quickly corrected (two were regarding paperwork, and two were regarding physical plant issues.)
- Employee turnover and nursing pool usage are minimal.

### Occupancy and Need for Skilled Nursing Beds

- There are four nursing homes in Carver County. With the exception of Auburn West, the other homes have occupancy rates exceeding 97%. Auburn West's occupancy has averaged 84% over the past three years. **The reason is the four-bed rooms.** Most people do not want to live, even for a short time, in a room with three people they may not know. In 2004, Auburn West had 40 admissions. The discharge planners from Ridgeview Medical Center in Waconia estimate we admit only half of the residents we could admit, but because of the building, those others go elsewhere. Again, because of the building, Auburn West is the last choice for most residents, and those who do not come to us, often go out of the county for care.
- The population in Carver County and Waconia is growing at a rapid rate. State projections indicate the county growing by more than 30% between 2000 and 2010. The senior population (age 65+) is also growing rapidly and, as a percent of total population, expected to grow from 8.2% in 2005 to 14.7% by 2025.

- Using a conservative utilization rate of 4.5% of the senior population in the Waconia market area, by 2009 we expect a need for 12 additional nursing home beds. Our proposal asks for six additional beds.

### **The Proposal**

- Auburn West proposes to procure land just west of the hospital in Waconia, Ridgeview Medical Center. There are several acres of land available and discussions with hospital officials have been very positive.
- The new facility would consist of 43 licensed and certified skilled nursing beds.
- There would be a large number of beds (approximately 21) in private rooms with private bathrooms. The others would be in double rooms, built to maximize privacy and with a private bathroom for each room.
- Our vision is for a facility in line with today's standards and consumer expectations, promoting independence, choice, privacy, and respect.

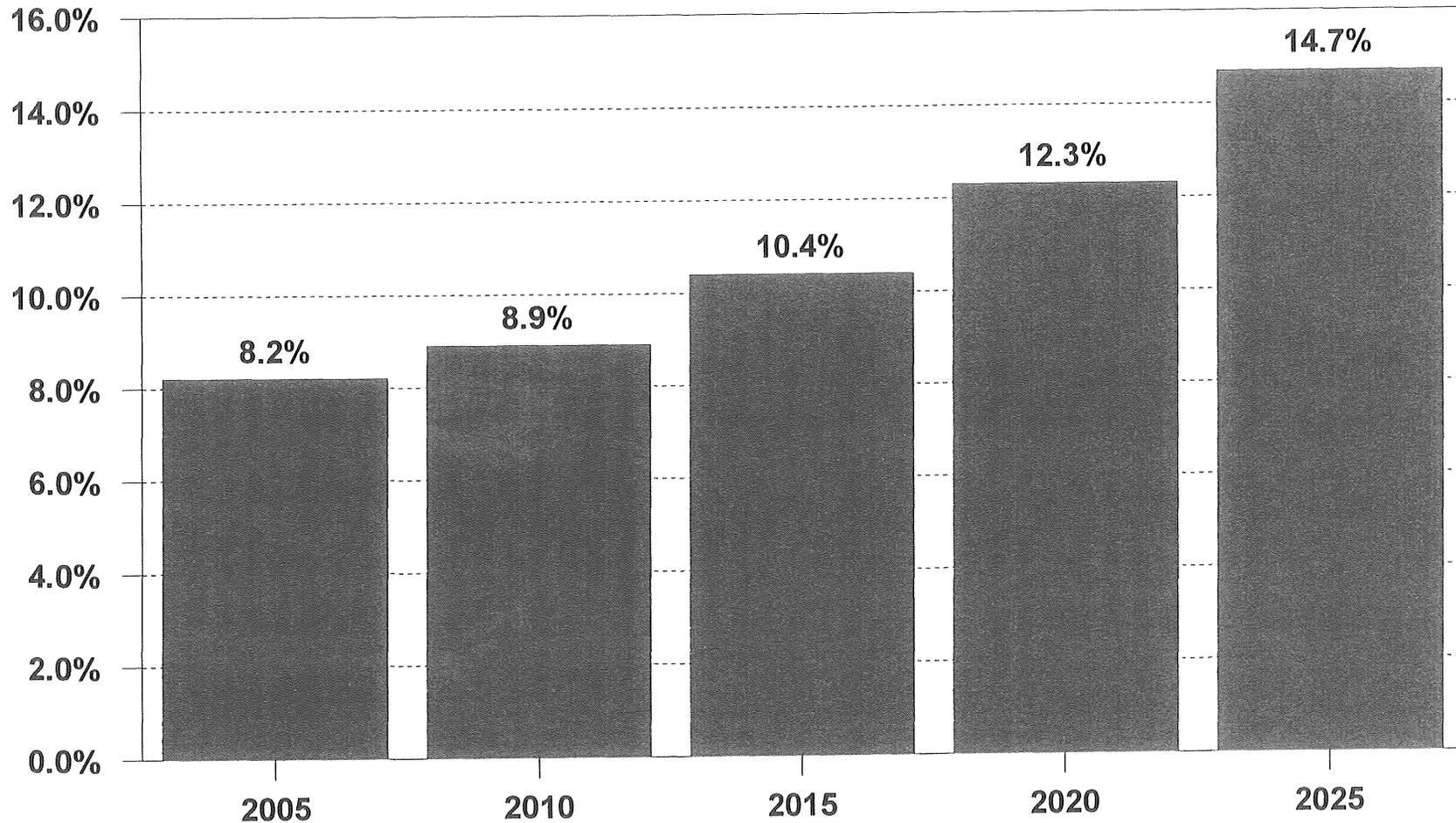
Attached are statistics and charts outlining much of the material referred to above.

Respectfully submitted by



Wayne Ward  
Administrator  
Auburn West

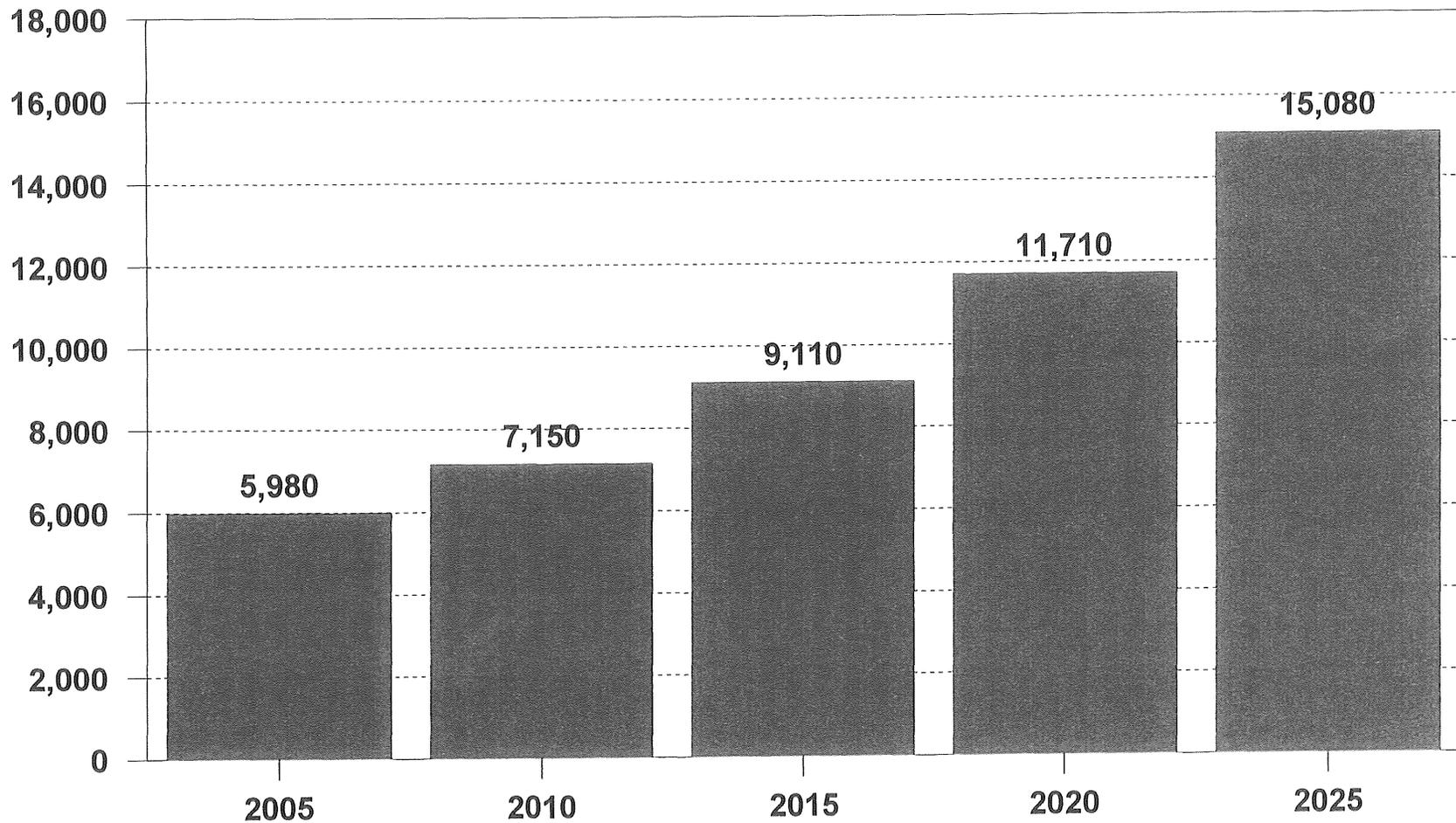
# SENIORS (65+) AS A PERCENT OF TOTAL POPULATION CARVER COUNTY 2005 THROUGH 2025



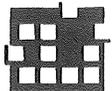
Source: Minnesota Planning



# TOTAL SENIOR POPULATION 65+ CARVER COUNTY 2005 THROUGH 2025

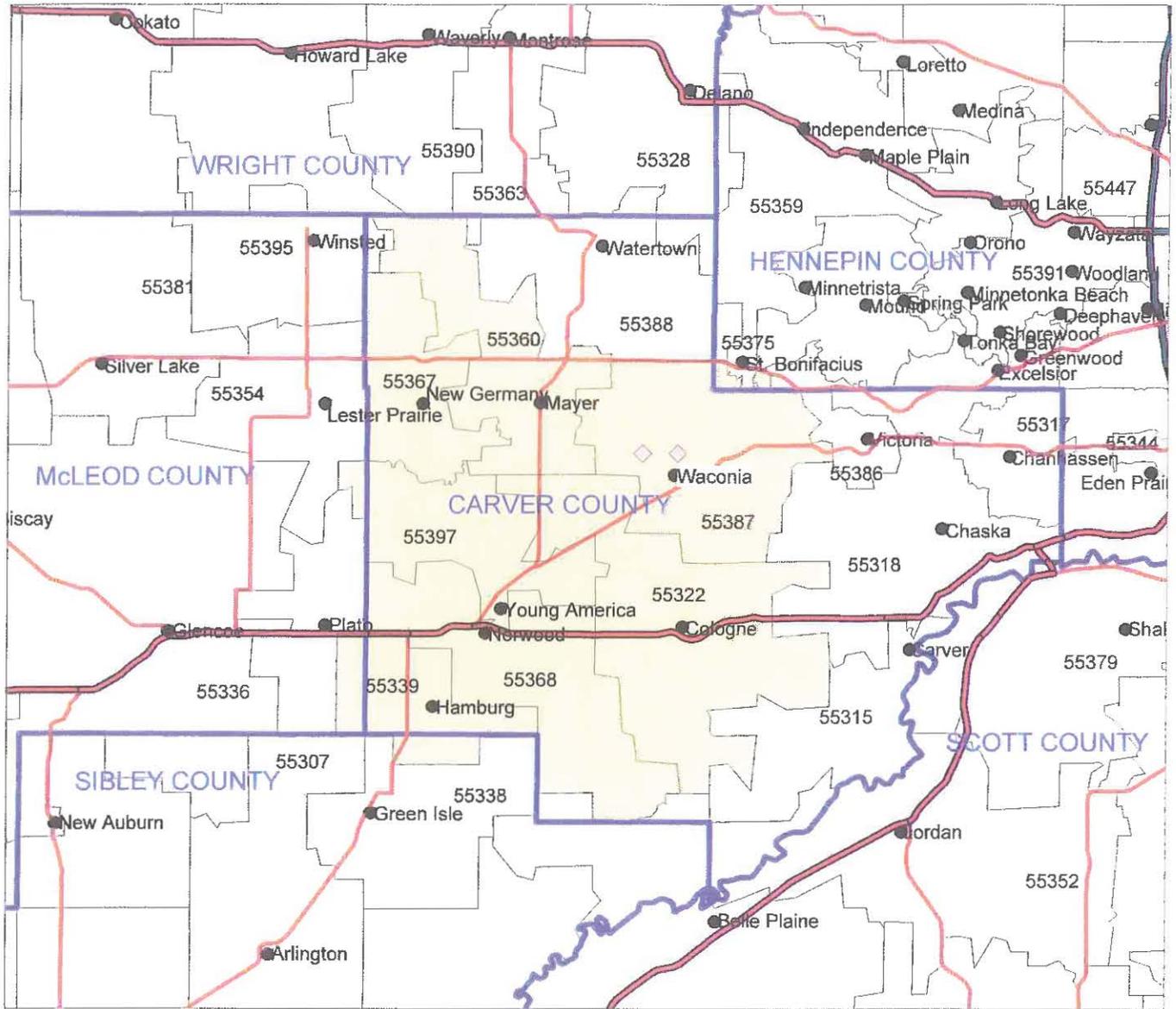


Source: Minnesota Planning



# MAP OF THE WACONIA MARKET AREA

## AUBURN WEST WACONIA, MINNESOTA



- Market Area
- ◇ Nursing Facility



Courtesy of Health Planning & Management Resources, inc.

**SUMMARY OF SUPPLY AND DEMAND  
FOR THE WACONIA MARKET AREA  
AUBURN WEST, WACONIA, MINNESOTA  
2009**

<b>Nursing Home Utilization Rate (as a % of Population 65+)</b>	<b>SUMMARY OF SUPPLY AND DEMAND FOR THE MARKET AREA</b>			<b>SUMMARY OF SUPPLY AND DEMAND FOR INDIVIDUALS FROM THE MARKET AREA AND FROM OUTSIDE THE MARKET AREA</b>			<b>UNMET DEMAND OR (EXCESS)</b>
	Demand For the Market Area	Number of Units Serving the Market Area <sup>1</sup>	Additional Demand (Oversupply) To Serve the Market Area	Additional Demand to Serve Individuals Outside the Market Area	Demand for the Market Area and Outside the Market Area <sup>2</sup>	Number of Units Operating Within the Market Area	
4.50% *	119	110	9	30	149	137	12

\* NOTE: The latest utilization statistics for the State of Minnesota (2003) indicate a rate of 5.5%  
The rate for the Twin City Metro Area indicates a rate of 4.8%

<sup>1</sup>The number of units serving the market area were allocated according to the researcher's definitions based on typical market experience.

<sup>2</sup> The demand assumes 80 percent of the total units will be filled by persons from the market area and an additional 20 percent will be filled by persons from outside of the market area.

ATTACHMENT "B"

03/03/05

[COUNSEL ] DG

SCS0800A-1

1 Senator ..... moves to amend S.F. No. 800 as follows:  
2 Delete everything after the enacting clause and insert:

3 "Section 1. Minnesota Statutes 2004, section 144A.071,  
4 subdivision 4c, is amended to read:

5 Subd. 4c. [EXCEPTIONS FOR REPLACEMENT BEDS AFTER JUNE 30,  
6 2003.] (a) The commissioner of health, in coordination with the  
7 commissioner of human services, may approve the renovation,  
8 replacement, upgrading, or relocation of a nursing home or  
9 boarding care home, under the following conditions:

10 (1) to license and certify an 80-bed city-owned facility in  
11 Nicollet County to be constructed on the site of a new  
12 city-owned hospital to replace an existing 85-bed facility  
13 attached to a hospital that is also being replaced. The  
14 threshold allowed for this project under section 144A.073 shall  
15 be the maximum amount available to pay the additional medical  
16 assistance costs of the new facility;

17 (2) to license and certify 29 beds to be added to an  
18 existing 69-bed facility in St. Louis County, provided that the  
19 29 beds must be transferred from active or layaway status at an  
20 existing facility in St. Louis County that had 235 beds on April  
21 1, 2003.

22 The licensed capacity at the 235-bed facility must be reduced to  
23 206 beds, but the payment rate at that facility shall not be  
24 adjusted as a result of this transfer. The operating payment  
25 rate of the facility adding beds after completion of this  
26 project shall be the same as it was on the day prior to the day  
27 the beds are licensed and certified. This project shall not  
28 proceed unless it is approved and financed under the provisions  
29 of section 144A.073; and

30 (3) to license and certify a new 60-bed facility in Austin,  
31 provided that: (i) 45 of the new beds are transferred from a  
32 45-bed facility in Austin under common ownership that is closed  
33 and 15 of the new beds are transferred from a 182-bed facility  
34 in Albert Lea under common ownership; (ii) the commissioner of  
35 human services is authorized by the 2004 legislature to  
36 negotiate budget-neutral planned nursing facility closures; and

1 (iii) money is available from planned closures of facilities  
 2 under common ownership to make implementation of this clause  
 3 budget-neutral to the state. The bed capacity of the Albert Lea  
 4 facility shall be reduced to 167 beds following the transfer.  
 5 Of the 60 beds at the new facility, 20 beds shall be used for a  
 6 special care unit for persons with Alzheimer's disease or  
 7 related dementias; and

8 (4) to license and certify a new facility in Carver County  
 9 with <sup>43</sup>~~48~~ nursing home beds constructed to replace an existing  
 10 facility in Carver County with 33 nursing home beds and four  
 11 boarding care beds, which has resident rooms on two floors, an  
 12 antiquated elevator, no private bathrooms, and no central air  
 13 conditioning. The replacement project will eliminate six  
 14 four-bed wards and one three-bed ward, increase living spaces,  
 15 eliminate the need for a physical plant waiver, and improve the  
 16 resident quality of life."

17 Delete the title and insert:

18 "A bill for an act relating to health; providing an  
 19 exception to the nursing home moratorium; appropriating money;  
 20 amending Minnesota Statutes 2004, section 144A.071, subdivision  
 21 4c."

Senator Kierlin introduced--

S.F. No. 1477: Referred to the Committee on Health and Family Security.

1                                   A bill for an act

2           relating to health; increasing medical assistance

3           reimbursement rates for a nursing facility in

4           Ostrander; amending Minnesota Statutes 2004, section

5           256B.434, by adding a subdivision.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

7           Section 1. Minnesota Statutes 2004, section 256B.434, is

8           amended by adding a subdivision to read:

9           Subd. 4f. [RATE INCREASE EFFECTIVE JULY 1, 2005.] For the

10 rate year beginning July 1, 2005, a nursing facility located in

11 the city of Ostrander that is a low-cost provider of nursing

12 facility services for the medical assistance program and which

13 had 35 certified skilled nursing beds as of January 1, 2005,

14 shall receive an increase in each case mix adjusted total

15 operating payment rate so that the nursing facility's operating

16 rates are equal to the average operating payment rates for all

17 nursing facilities in the state of Minnesota. The increase

18 shall be included in the facility's operating payment rate for

19 purposes of determining future rates under this section or any

20 other section.

21           [EFFECTIVE DATE.] This section is effective July 1, 2005.

**Senate Counsel, Research,  
and Fiscal Analysis**

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DIRECTOR

**Senate**

**State of Minnesota**

**S.F. No. 1477 - Ostrander Nursing Home Rate Increase**

**Author:** Senator Bob Kierlin

**Prepared by:** David Giel, Senate Research (296-7178)



**Date:** March 11, 2005

---

**S.F. No. 1477** provides a rate increase for a 35-bed, low-cost nursing facility in Ostrander sufficient to make the facility's operating payment rates equal to the statewide average.

DG:rdr

**Fiscal Note – 2005-06 Session**

**Bill #: S1477-0 Complete Date: 03/14/05**

**Chief Author: KIERLIN, BOB**

**Title: OSTRANDER NURSING FAC MA RATE**

<b>Fiscal Impact</b>	<b>Yes</b>	<b>No</b>
State	X	
Local	X	
Fee/Departmental Earnings		X
Tax Revenue		X

**Agency Name:** Human Services Dept

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

<b>Dollars (in thousands)</b>	<b>FY05</b>	<b>FY06</b>	<b>FY07</b>	<b>FY08</b>	<b>FY09</b>
<b>Expenditures</b>					
General Fund	0	21	23	23	23
<b>Less Agency Can Absorb</b>					
-- No Impact --					
<b>Net Expenditures</b>					
General Fund	0	21	23	23	23
<b>Revenues</b>					
-- No Impact --					
<b>Net Cost &lt;Savings&gt;</b>					
General Fund	0	21	23	23	23
<b>Total Cost &lt;Savings&gt; to the State</b>	0	21	23	23	23

	<b>FY05</b>	<b>FY06</b>	<b>FY07</b>	<b>FY08</b>	<b>FY09</b>
<b>Full Time Equivalents</b>					
-- No Impact --					
<b>Total FTE</b>					

**NARRATIVE: SF 1477/HF 1482**

Bill Description

This bill will allow a rate increase for the Ostrander Nursing Home. The increase will be equivalent to making Ostrander's operating rate the same as the average statewide operating rate.

Assumptions

Resident days for the reporting year ending September 30, 2004, are used to compute the cost of this bill and it is assumed the facility's resident days will not change significantly in the future.

Expenditure and/or Revenue Formula

The statewide average is determined by summing the unweighted case-mix per diem with the other operating per diem. The 50<sup>th</sup> percentile of those sums is computed. This becomes the target rate.

The target rate is applied to Ostrander in a ratio of their current case-mix and other operating portions of their rates. The two are summed to determine a new operating payment rate.

The difference between the new rates and the facility's current rates are computed. The difference is multiplied by resident days for the reporting year ended September 30, 2004.

Long-Term Fiscal Considerations

The rate adjustment continues perpetually.

Local Government Costs

There is a percentage of county share associated with this bill, but the number rounds to zero.

References/Sources

2004 cost report, DHS rate data files

Nursing home Fiscal Note  
SF 1477 HF 1482

TOPIC: Ostrander Nursing Home rate increase

ASSUMPTIONS:

ALL AMOUNTS IN \$000's

1. The Nursing Facility Rates and Policy Division used the following assumptions and computations to approximate the fiscal impact of this bill. After estimating the annual fiscal impact of the bill, the department adjusts that amount to determine the State Budget impact by using the following assumptions:
  - the rate year begins on July 1
  - payment for services lags the provision of services by one month
  - the annual cost/savings is adjusted by:
    - inflation factors
    - percentage of medical assistance occupancy
    - the percentage of federal and state shares
3. The statewide average is determined by summing the unweighted case-mix per diem with the other operating 50<sup>th</sup> percentile of those sums is computed. This becomes the target rate.
4. The target rate is applied to Ostrander in a ratio of their current case-mix and other operating portions of their rates. The two are summed to determine a new operating payment rate.
5. The difference between the new rates and the facility's current rates are computed. The difference is multiplied by resident days for the reporting year ended September 30, 2004.

FISCAL NOTE COMPUTATIONS:

	FY 2006 Amount	FY 2007 Amount	FY 2008 Amount	FY 2009 Amount
Total Annual Cost/(Savings)				
Operating rate increase for Ostrander =	\$95	\$95	\$95	\$95
Operating Costs Item 2 =	\$0	\$0	\$0	\$0
Property Costs Item 3 =	\$0	\$0	\$0	\$0
Property Costs Item 4 =	\$0	\$0	\$0	\$0
Other Costs Item 5 =	\$0	\$0	\$0	\$0
Total =	\$95	\$95	\$95	\$95

Costs Not Subject to Inflation	=	\$0	\$0	\$0	\$0
Costs Subject to Inflation	=	\$95	\$95	\$95	\$96
(Includes Inflation on Prior Years)					
Adjust for Inflation					
Case-mix "creep" factor	=	0.16%	0.16%	0.16%	0.16%
Adjusted for Inflation	=	\$95	\$95	\$96	\$96
Plus Costs Not Subject to Inflation	=	\$0	\$0	\$0	\$0
Total	=	\$95	\$95	\$96	\$96
Adjust for Occupancy					
Forecasted change in MA paid days	=	100.00%	100.00%	100.00%	100.00%
MA Occupancy Percentage	=	49.20%	49.20%	49.20%	49.20%
Adjusted for Occupancy	=	\$47	\$47	\$47	\$47
Adjust for Effective Date					
Effective Date:		7/1/05			
Includes One Month for Payment System Delay					
Factor	=	91.67%			
Total Projected MA Costs/(Savings)	=	\$43	\$47	\$47	\$47
Total Projected MA Costs/(Savings) =					
		FY 2006	FY 2007	FY 2008	FY 2009
		\$43	\$47	\$47	\$47
		Federal Share =	\$21	\$23	\$24
		State Budget =	\$21	\$23	\$23
		County Share =	\$0	\$0	\$0
MA Grants (State Budget)					
		FY 2006	FY 2007	FY 2008	FY 2009
		\$21	\$23	\$23	\$23
Administrative Costs					
		\$0	\$0	\$0	\$0
Total Costs/(Savings)					
		\$21	\$23	\$23	\$23

Agency Contact Name: Greg Tabelle 296-5597  
 FN Coord Signature: STEVE BARTA  
 Date: 03/10/05 Phone: 296-5685

**EBO Comments**

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: DOUG GREEN  
 Date: 03/14/05 Phone: 286-5618

Senator Lourey introduced--

S.F. No. 1499: Referred to the Committee on Finance.

1                                   A bill for an act

2           relating to human services; providing a rate increase

3           for a nursing facility in Carlton County having

4           completed an approved total replacement; appropriating

5           money; amending Minnesota Statutes 2004, section

6           256B.431, subdivision 17f.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

8           Section 1. Minnesota Statutes 2004, section 256B.431,

9           subdivision 17f, is amended to read:

10          Subd. 17f. [PROVISIONS FOR SPECIFIC FACILITIES.] (a) For a

11          total replacement, as defined in subdivision 17d, authorized

12          under section 144A.073 for a 96-bed nursing home in Carlton

13          County, the replacement-costs-new per bed limit shall be \$74,280

14          per licensed bed in multiple-bed rooms, \$92,850 per licensed bed

15          in semiprivate rooms with a fixed partition separating the

16          resident's beds, and \$111,420 per licensed bed in a single

17          room. Minnesota Rules, part 9549.0060, subpart 11, item C,

18          subitem (2), does not apply. The resulting maximum allowable

19          replacement-costs-new multiplied by 1.25 shall constitute the

20          project's dollar threshold for purposes of application of the

21          limit set forth in section 144A.071, subdivision 2. The

22          commissioner of health may waive the requirements of section

23          144A.073, subdivision 3b, paragraph (b), clause (2), on the

24          condition that the other requirements of that paragraph are met.

25          (b) For a renovation authorized under section 144A.073 for

26          a 65-bed nursing home in St. Louis County, the incremental

1 increase in rental rate for purposes of subdivision 17b shall be  
 2 \$8.16, and the total replacement cost, allowable appraised  
 3 value, allowable debt, and allowable interest shall be increased  
 4 according to the incremental increase.

5 (c) For a total replacement, as defined in subdivision 17d,  
 6 authorized under section 144A.073 involving a new building  
 7 addition that relocates beds from three-bed wards for an 80-bed  
 8 nursing home in Redwood County, the replacement-costs-new per  
 9 bed limit shall be \$74,280 per licensed bed for multiple-bed  
 10 rooms; \$92,850 per licensed bed for semiprivate rooms with a  
 11 fixed partition separating the beds; and \$111,420 per licensed  
 12 bed for single rooms. These amounts shall be adjusted annually,  
 13 beginning January 1, 2001. Minnesota Rules, part 9549.0060,  
 14 subpart 11, item C, subitem (2), does not apply. The resulting  
 15 maximum allowable replacement-costs-new multiplied by 1.25 shall  
 16 constitute the project's dollar threshold for purposes of  
 17 application of the limit set forth in section 144A.071,  
 18 subdivision 2. The commissioner of health may waive the  
 19 requirements of section 144A.073, subdivision 3b, paragraph (b),  
 20 clause (2), on the condition that the other requirements of that  
 21 paragraph are met.

22 (d) For rate periods beginning on and after July 1, 2005,  
 23 the noncase mix component of the operating per diem shall be  
 24 increased by \$3.21 to recognize utility costs and other  
 25 operating costs due to changes in operations for a 96-bed  
 26 facility in Carlton County that underwent a total replacement  
 27 authorized under section 144A.073.

28 Sec. 2. [APPROPRIATION.]

29 \$. . . . . is appropriated from the general fund to the  
 30 commissioner of human services for the fiscal year beginning  
 31 July 1, 2005, for the purposes of section 1.

**Senate Counsel, Research,  
and Fiscal Analysis**

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**Senate**

State of Minnesota

**S.F. No. 1499 - Carlton County Nursing Home Rate  
Increase**

**Author:** Senator Becky Lourey

**Prepared by:** David Giel, Senate Research (296-7178)



**Date:** March 11, 2005

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**S.F. No. 1499** provides a \$3.21 rate increase in the noncase mix component of the operating payment rate for a 96-bed facility in Carlton County that underwent a total replacement under a nursing home moratorium exception. The rate increase is to recognize utility costs and other operating costs due to changes in operations at the facility.

DG:rdr

**Fiscal Note – 2005-06 Session**

**Bill #:** S1499-0 **Complete Date:** 03/14/05

**Chief Author:** LOUREY, BECKY

**Title:** CARLTON CTY NURSING FAC RATE INCR

<b>Fiscal Impact</b>	<b>Yes</b>	<b>No</b>
State	X	
Local	X	
Fee/Departmental Earnings		X
Tax Revenue		X

**Agency Name:** Human Services Dept

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
<b>Expenditures</b>					
General Fund	0	36	40	40	40
<b>Less Agency Can Absorb</b>					
-- No Impact --					
<b>Net Expenditures</b>					
General Fund	0	36	40	40	40
<b>Revenues</b>					
-- No Impact --					
<b>Net Cost &lt;Savings&gt;</b>					
General Fund	0	36	40	40	40
<b>Total Cost &lt;Savings&gt; to the State</b>	0	36	40	40	40

	FY05	FY06	FY07	FY08	FY09
<b>Full Time Equivalents</b>					
-- No Impact --					
<b>Total FTE</b>					

**NARRATIVE: HF 1557/SF 1499**

Bill Description

This bill proposes a rate increase of \$3.21 to the non-case mix portion of the operating rate for Inter-Faith Care Center in Carlton County, effective July 1, 2005.

Assumptions

The resident days and MA percentage are assumed to be approximately the same as for report year ending September 30, 2004.

Expenditure and/or Revenue Formula

Resident days for year ending 9/30/04 were multiplied by \$3.21 to determine total cost.

Facility's MA percentage was used to determine MA portion of the cost.

Long-Term Fiscal Considerations

Increase will carry forward to future years.

Local Government Costs

Not material

References/Sources

9/30/04 cost report

NURSING HOME FISCAL NOTE  
SF 1499 HF 1557

TOPIC: Carlton County NF rate increase

ASSUMPTIONS:

ALL AMOUNTS IN \$000's

1. The Nursing Facility Rates and Policy Division used the following assumptions and computations to approximate the fiscal impact of this bill. After estimating the annual fiscal impact of the bill, the department adjusts that amount to determine the State Budget impact by using the following assumptions:
  - the rate year begins on July 1
  - payment for services lags the provision of services by one month
  - the annual cost/savings is adjusted by:
    - inflation factors
    - percentage of medical assistance occupancy
    - the percentage of federal and state shares
2. This bill proposes a rate increase of \$3.21 to the non-case mix portion of the operating rate for Inter-Faith Care Center.
3. Report year ending 9/30/04 resident days were multiplied by \$3.21 to determine the total increased cost. Facility MA percentage was used to determine MA cost.

FISCAL NOTE COMPUTATIONS:

	FY 2006	FY 2007	FY 2008	FY 2009
Total Annual Cost/(Savings)	Amount	Amount	Amount	Amount
Operating Costs Item 1 =	\$112	\$112	\$112	\$112
Operating Costs Item 2 =	\$0	\$0	\$0	\$0
Property Costs Item 3 =	\$0	\$0	\$0	\$0
Property Costs Item 4 =	\$0	\$0	\$0	\$0
Total =	\$112	\$112	\$112	\$112
Costs Not Subject to Inflation =	\$0	\$0	\$0	\$0
Costs Subject to Inflation =	\$112	\$112	\$113	\$113
(Includes Inflation on Prior Years)				
Adjust for Inflation				
Case-mix "creep" factor =	0.16%	0.16%	0.16%	0.16%
Adjusted for Inflation =	\$112	\$113	\$113	\$113
Plus Costs Not Subject to Inflation =	\$0	\$0	\$0	\$0
Total =	\$112	\$113	\$113	\$113

Adjust for Occupancy

Forecasted change in MA paid days =	100.00%	100.00%	100.00%	100.00%
MA Occupancy Percentage =	71.12%	71.12%	71.12%	71.12%
Adjusted for Occupancy =	\$80	\$80	\$80	\$80

Adjust for Effective Date

Effective Date: 7/1/05

Includes One Month for Payment System Delay

Factor =	91.67%			
Total Projected MA Costs/(Savings) =	\$73	\$80	\$80	\$80

	FY 2006	FY 2007	FY 2008	FY 2009
Total Projected MA Costs/(Savings) =	\$73	\$80	\$80	\$80
Federal Share =	\$37	\$40	\$40	\$40
State Budget =	\$36	\$40	\$40	\$40
County Share =	\$0	\$0	\$0	\$0

	FY 2006	FY 2007	FY 2008	FY 2009
MA Grants (State Budget)	\$36	\$40	\$40	\$40
Administrative Costs	\$0	\$0	\$0	\$0
Total Costs/(Savings)	\$36	\$40	\$40	\$40

Agency Contact Name: Marilyn Kaufenberg 215-5712

FN Coord Signature: STEVE BARTA

Date: 03/11/05 Phone: 296-5685

**EBO Comments**

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: DOUG GREEN

Date: 03/14/05 Phone: 286-5618