

1 A bill for an act

2 relating to counties; providing for a rate increase  
3 determination for the Ramsey County nursing facility;  
4 appropriating money; 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 facility in Ramsey County  
11 licensed for 180 beds shall have its operating payment rate as  
12 determined under this section and in effect on June 30, 2005,  
13 increased by \$4.98. The increase under this subdivision shall  
14 be included in the facility's total payment rates for the  
15 purposes of determining future rates under this section or any  
16 other section.

17 Sec. 2. [APPROPRIATION.]

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

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

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**Senate**  

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**State of Minnesota**

**S.F. No. 127 - Ramsey County Nursing Home Rate Increase**

**Author:** Senator Charles Wiger

**Prepared by:** David Giel, Senate Research (651/296-7178) 

**Date:** February 4, 2005

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**S.F. No. 127** provides a per diem rate increase of \$4.98 for a 180-bed nursing facility in Ramsey County, effective July 1, 2005.

DG:rdr

**Fiscal Note – 2005-06 Session**

**Bill #:** S0127-1A **Complete Date:** 02/18/05

**Chief Author:** WIGER, CHARLES

**Title:** RAMSEY CTY NURSING FAC M.A. RATE INC

<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	102	111	111	111
<b>Less Agency Can Absorb</b>					
-- No Impact --					
<b>Net Expenditures</b>					
General Fund	0	102	111	111	111
<b>Revenues</b>					
-- No Impact --					
<b>Net Cost &lt;Savings&gt;</b>					
General Fund	0	102	111	111	111
<b>Total Cost &lt;Savings&gt; to the State</b>	0	102	111	111	111

	<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 127-1A**

Bill Description

This bill will allow a rate increase for the Ramsey County Nursing Home. If passed, the facility's operating cost per diem shall be increased by \$4.98.

Assumptions

Resident days for the reporting year ending September 30, 2004, will not change materially in the future. Nor will the percentage of resident days that are paid by Medical Assistance.

Expenditure and/or Revenue Formula

Resident days for the reporting year ending September 30, 2004, are multiplied by \$4.98. The product of these two numbers is factored for the percent of days that are paid by Medical Assistance at the facility, the amount to be paid by the federal government, and the amount to be paid by Ramsey county.

The first year of the biennium is lower than the other years because payment lags the provision of services by one month. Therefore, only 11 months are paid in FY06.

Long-Term Fiscal Considerations

This rate adjustment continues on indefinitely.

Local Government Costs

There is a county share of the cost of the legislation estimated to be \$1,000 per year.

References/Sources

Data collection report for September 30, 2004

NURSING HOME FISCAL NOTE  
SF 0127 HF

TOPIC: Operating rate increase for Ramsey County NF

ASSUMPTIONS:

ALL AMOUNTS IN \$000's

- 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
- Resident days used to compute the fiscal impact are from the September 2004 data collection report and are assumed not to change materially in the future. The same is true for the MA percentage.

FISCAL NOTE COMPUTATIONS:

	FY 2006	FY 2007	FY 2008	FY 2009
Total Annual Cost/(Savings)	Amount	Amount	Amount	Amount
Operating rate increase of \$4.98 =	\$323	\$323	\$323	\$323
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 =	\$323	\$323	\$323	\$323
Costs Not Subject to Inflation =	\$0	\$0	\$0	\$0
Costs Subject to Inflation =	\$323	\$324	\$324	\$325
(Includes Inflation on Prior Years)				
Adjust for Inflation				
Case-mix "creep" factor =	0.16%	0.16%	0.16%	0.16%
Adjusted for Inflation =	\$324	\$324	\$325	\$325
Plus Costs Not Subject to Inflation =	\$0	\$0	\$0	\$0
Total =	\$324	\$324	\$325	\$325
Adjust for Occupancy				
Forecasted change in MA paid days =	100.00%	100.00%	100.00%	100.00%

MA Occupancy Percentage =	68.85%	68.85%	68.85%	68.85%
Adjusted for Occupancy =	\$223	\$223	\$224	\$224
Adjust for Effective Date				
Effective Date:	7/1/05			
Includes One Month for Payment System Delay				
Factor =	91.67%			
Total Projected MA Costs/(Savings) =	\$204	\$223	\$224	\$224
	FY 2006	FY 2007	FY 2008	FY 2009
Total Projected MA Costs/(Savings) =	\$204	\$223	\$224	\$224
Federal Share =	\$102	\$112	\$112	\$112
State Budget =	\$102	\$111	\$111	\$111
County Share =	\$1	\$1	\$1	\$1
	FY 2006	FY 2007	FY 2008	FY 2009
MA Grants (State Budget)	\$102	\$111	\$111	\$111
Administrative Costs	\$0	\$0	\$0	\$0
Total Costs/(Savings)	\$102	\$111	\$111	\$111

Agency Contact Name: Greg Tabelle 296-5597  
 FN Coord Signature: STEVE BARTA  
 Date: 02/17/05 Phone: 296-5685

**EBO Comments**

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: DOUG GREEN  
 Date: 02/18/05 Phone: 286-5618

Senators Sams, Larson, Lourey, Koering and Foley introduced--  
S.F. No. 1043: Referred to the Committee on Health and Family Security.

A bill for an act

relating to health; providing an exception to the  
nursing home moratorium; appropriating money; amending  
Minnesota Statutes 2004, section 144A.071, subdivision  
4c.

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

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

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

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

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

1 The licensed capacity at the 235-bed facility must be reduced to  
 2 206 beds, but the payment rate at that facility shall not be  
 3 adjusted as a result of this transfer. The operating payment  
 4 rate of the facility adding beds after completion of this  
 5 project shall be the same as it was on the day prior to the day  
 6 the beds are licensed and certified. This project shall not  
 7 proceed unless it is approved and financed under the provisions  
 8 of section 144A.073; and

9 (3) to license and certify a new 60-bed facility in Austin,  
 10 provided that: (i) 45 of the new beds are transferred from a  
 11 45-bed facility in Austin under common ownership that is closed  
 12 and 15 of the new beds are transferred from a 182-bed facility  
 13 in Albert Lea under common ownership; (ii) the commissioner of  
 14 human services is authorized by the 2004 legislature to  
 15 negotiate budget-neutral planned nursing facility closures; and  
 16 (iii) money is available from planned closures of facilities  
 17 under common ownership to make implementation of this clause  
 18 budget-neutral to the state. The bed capacity of the Albert Lea  
 19 facility shall be reduced to 167 beds following the transfer.  
 20 Of the 60 beds at the new facility, 20 beds shall be used for a  
 21 special care unit for persons with Alzheimer's disease or  
 22 related dementias; and

23 (4) to license and certify 23 beds in a locked dementia  
 24 unit at a 100-bed nursing home in Wadena County, which are  
 25 relocated from the nursing home to an attached hospital.

26 (b) Projects approved under this subdivision shall be  
 27 treated in a manner equivalent to projects approved under  
 28 subdivision 4a.

29 Sec. 2. [APPROPRIATION.]

30 \$..... is appropriated from the general fund to the  
 31 commissioner of human services for the biennium beginning July  
 32 1, 2005, for the purposes of section 1.

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


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**State of Minnesota**

**S.F. No. 1043 - Nursing Facility Construction Moratorium  
Exception for Facility in Wadena County**

**Author:** Senator Dallas Sams

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

**Date:** March 3, 2005

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**S.F. No. 1043** provides an exception to the nursing facility construction moratorium to allow a 23-bed locked dementia unit to be transferred from a 100-bed Wadena County nursing facility to an attached hospital.

DG"rdr



# Senate File 1043

## Fiscal Note – 2005-06 Session

Bill #: H1082-0 Complete Date: 03/07/05

Chief Author: SIMPSON, DEAN

Title: WADENA CTY NURSING HOME 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	0	120	287	287
<b>Less Agency Can Absorb</b>					
-- No Impact --					
<b>Net Expenditures</b>					
General Fund	0	0	120	287	287
<b>Revenues</b>					
-- No Impact --					
<b>Net Cost &lt;Savings&gt;</b>					
General Fund	0	0	120	287	287
<b>Total Cost &lt;Savings&gt; to the State</b>	0	0	120	287	287

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

**NARRATIVE: SF 1043/HF 1082**

Bill Description

This bill allows for the relocation of 23 beds of Lakewood Health Systems, which is a hospital-attached nursing facility in Staples, Minnesota. A new hospital and clinic have been built. The purpose of this bill is to allow a rate adjustment for Lakewood so they can renovate some of the former hospital space into a locked dementia unit.

Assumptions

The MA percentage of resident days in 2004 is assumed to be a constant.

A similar bill was proposed last session. That bill stated state funding is to be \$278,000 per year. The amount from last year is being increased by three percent for inflation.

It is assumed that construction will be completed in December 2006.

Expenditure and/or Revenue Formula

Using \$287,000 (last year's amount plus inflation) results in total spending by the facility to be \$749,000 when considering payment made by private pay residents and the federal share of medical assistance payments.

Long-Term Fiscal Considerations

The rate adjustment from the building project will be paid indefinitely.

Local Government Costs

There is a county share associated with the proposal.

References/Sources

Last year's proposal from provider

NURSING HOME FISCAL NOTE  
SF 1043                      HF 1082

TOPIC: Wadena county moratorium exception

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 allows for the relocation of 23 beds to Lakewood Health Systems, which is a hospital-attached nursing facility in Staples, Minnesota. The purpose is to create a locked dementia unit.
3. A similar bill was proposed last session. That bill stated state funding is to be \$278,000 per year. Actual facility spending is greater than this amount because some of the total is paid by private-pay and by the federal government. The amount from last year is being increased by three percent for inflation.
4. The MA percentage of resident days in 2004 is assumed to be a constant. Also, it is assumed that construction will be completed in December 2006.

FISCAL NOTE COMPUTATIONS:

	2006	FY 2007	FY 2008	FY 2009
Total Annual Cost/(Savings)	Amount	Amount	Amount	Amount
Moratorium exception	\$0	\$374	\$749	\$749

Costs Not Subject to Inflation	\$0	\$374	\$749	\$749
Costs Subject to Inflation (Includes Inflation on Prior Years)	\$0	\$0	\$0	\$0
Adjust for Inflation				
Case-mix "creep" factor	0.16%	0.16%	0.16%	0.16%
Adjusted for Inflation	\$0	\$0	\$0	\$0
Plus Costs Not Subject to Inflation	\$0	\$374	\$749	\$749
Total	\$0	\$374	\$749	\$749
Adjust for Occupancy				
Forecasted change in MA paid days=	100%	100%	100%	100%
MA Occupancy Percentage	77.17%	77.17%	77.17%	77.17%
Adjusted for Occupancy	\$0	\$289	\$578	\$578
Adjust for Effective Date				
Effective Date: 7/1/05				
Includes One Month for Payment System Delay				
Factor		83.33%	91.67%	
Total Projected MA Costs/(Savings)	\$0	\$241	\$578	\$578
	FY 2006	FY 2007	FY 2008	FY 2009
Total Projected MA Costs/(Savings)	\$0	\$241	\$578	\$578
Federal Share	\$0	\$121	\$289	\$289
State Budget	\$0	\$120	\$287	\$287
County Share	\$0	\$1	\$2	\$2
	FY 2006	FY 2007	FY 2008	FY 2009
MA Grants (State Budget)	\$0	\$120	\$287	\$287
Administrative Costs	\$0	\$0	\$0	\$0
Total Costs/(Savings)	\$0	\$120	\$287	\$287

Agency Contact Name: Greg Tabelle 296-5597  
 FN Coord Signature: STEVE BARTA  
 Date: 03/07/05 Phone: 296-5685

**EBO Comments**

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: DOUG GREEN  
 Date: 03/07/05 Phone: 286-5618

**Senators Kubly, Sams, Frederickson and Johnson, D. E. introduced—**

**S. F. No. 884 Referred to the Committee on Health & Family Security**

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A bill for an act

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

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

Section 1. [MORATORIUM PROJECT DEADLINE EXTENSION.]

Notwithstanding Minnesota Statutes, section 144A.073,  
subdivisions 3 and 10, the commissioner of health shall extend  
the project approval until December 31, 2006, for a nursing home  
moratorium exception project that was approved under Minnesota  
Statutes, section 144A.073, in 2002 to remodel a 60-bed facility  
in Renville County.

**Fiscal Note – 2005-06 Session**

**Bill #:** S0884-0 **Complete Date:** 03/07/05

**Chief Author:** KUBLY, GARY

**Title:** EXTEND NURSING HOME MORATORIUM EXC

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	(49)	(49)	0	0
<b>Less Agency Can Absorb</b>					
-- No Impact --					
<b>Net Expenditures</b>					
General Fund	0	(49)	(49)	0	0
<b>Revenues</b>					
-- No Impact --					
<b>Net Cost &lt;Savings&gt;</b>					
General Fund	0	(49)	(49)	0	0
<b>Total Cost &lt;Savings&gt; to the State</b>	0	(49)	(49)	0	0

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

**NARRATIVE: SF 884/HF 663**

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 Ren-Villa Nursing Home.

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 Ren-Villa project is \$48,996. 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 lines for two projects, 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 workpapers created by DHS, 2001 legislative fiscal tracking document

	Ren-Villa Nursing Home
Annual state share estimate	\$48,996
Amount of project in forecast	
FY02	\$0
FY03	\$4,900
FY04	\$24,498
FY05	\$48,996
FY06	\$48,996
FY07	\$48,996
FY08	\$48,996
FY09	\$48,996
Change in timing with bill passage	
FY02	\$0
FY03	\$0
FY04	\$0
FY05	\$0
FY06	\$0
FY07	\$0
FY08	\$48,996
FY09	\$48,996
Difference between current forecast and this bill	
FY05	\$0
FY06	(\$48,996)

FY07 (\$48,996)  
FY08 \$0  
FY09 \$0

Agency Contact Name: Greg Tabelle 296-5597  
FN Coord Signature: STEVE BARTA  
Date: 03/07/05 Phone: 296-5685

**EBO Comments**

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: DOUG GREEN  
Date: 03/07/05 Phone: 286-5618





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

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# Senate

State of Minnesota

## **S.F. No. 1118 - Deadline Extension for Nursing Home Moratorium Exception Project in Otter Tail County (The Delete-Everything Amendment)**

**Author:** Senator Cal Larson

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



**Date:** March 4, 2005

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**S.F. No. 1118** extends until December 31, 2007, the project approval for an Otter Tail County nursing home moratorium exception project approved by the Commissioner of Health on December 20, 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

**Fiscal Note – 2005-06 Session**

**Bill #:** S1118-0 **Complete Date:** 02/23/05

**Chief Author:** LARSON, CAL

**Title:** EXTEND OTTER TAIL CTY NH MORATORIUM

<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	(230)	(230)	(207)	(115)	0
<b>Less Agency Can Absorb</b>					
-- No Impact --					
<b>Net Expenditures</b>					
General Fund	(230)	(230)	(207)	(115)	0
<b>Revenues</b>					
-- No Impact --					
<b>Net Cost &lt;Savings&gt;</b>					
General Fund	(230)	(230)	(207)	(115)	0
<b>Total Cost &lt;Savings&gt; to the State</b>	(230)	(230)	(207)	(115)	0

	<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: HF 1058**

Bill Description

This bill will allow extensions for certain projects approved through the Moratorium Exception Process (MEP) in Minnesota Statutes 144A.073. The projects that will be affected are those in Otter Tail county approved on December 20, 2002.

Assumptions

There are two projects that this bill will affect: the Broen Memorial Home in Fergus Falls and the Perham Memorial Hospital and Home in Perham.

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 Broen Memorial project is \$137,000; for Perham the amount is \$93,000. The 2001 legislative session created MEP funds for project approvals in 2001 and 2002. The amounts are \$2 million worth of assets in 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 lines for two projects, 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 we'll assume the projects will be completed for all of FY08 (ready for occupancy between on 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

Agency Contact Name: Greg Tabelle 296-5597  
FN Coord Signature: STEVE BARTA  
Date: 02/23/05 Phone: 296-5685

**EBO Comments**

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: DOUG GREEN  
Date: 02/23/05 Phone: 286-5618

Senator Larson introduced--

S.F. No. 1391: Referred to the Committee on Finance.

1 A bill for an act

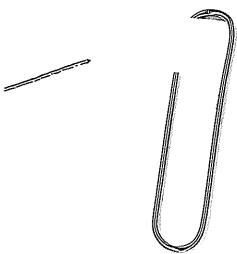
2 relating to human services; increasing the facility  
3 reimbursement rate for a facility in Otter Tail  
4 County; amending Minnesota Statutes 2004, section  
5 256B.434, by adding a subdivision.

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. [FACILITY RATE INCREASE EFFECTIVE JULY 1, 2005.]

10 For the rate year beginning July 1, 2005, a nursing facility in  
11 Otter Tail County that was licensed for 55 beds as of January 1,  
12 2005, shall receive a rate increase to increase its operating  
13 rate to the 60th percentile of the operating rates of all other  
14 Otter Tail County skilled nursing facilities. The commissioner  
15 shall determine the 60th percentile of the case mix portion of  
16 the operating rates of all other Otter Tail County skilled  
17 nursing facilities and then apply the case mix weights. The  
18 60th percentile of the other facilities operating per diem for  
19 all other Otter Tail County facilities will be added to the  
20 above-determined weighted case mix amount to compute the 60th  
21 percentile operating rate. The nonoperating components of the  
22 facility's rates will not be adjusted under this subdivision.



	Unadjusted RUG	Other		
	<u>Per diem</u>	<u>Operating</u>	<u>1.00</u>	
507042200 ELDERS HOME INC.	\$66.38	\$45.33	\$111.71	
707342900 PIONEER CARE CENTER	\$59.65	\$53.20	\$112.85	
375842700 HENNING HEALTH CARE CENTER	\$53.37	\$52.57	\$105.94	
510847100 LAKE REGION SKILLED NURSING FACILITY	\$96.53	\$49.66	\$146.19	
467342500 OTTER TAIL NURSING HOME	\$59.34	\$50.10	\$109.44	
887342900 ST. WILLIAMS LIVING CENTER	\$54.47	\$50.13	\$104.60	
678740100 BROEN MEMORIAL HOME	\$63.96	\$44.04	\$108.00	
847242400 PERHAM HOSPITAL DISTRICT	\$62.70	\$54.18	\$116.88	
537342500 PELICAN VALLEY HEALTH CENTER	\$58.67	\$48.82	\$107.49	
277242600 PELICAN RAPIDS GOOD SAMARITAN CENTER	\$56.03	\$52.87	\$108.90	
Otter Tail rates at percentile equal to	60%	\$60.87	\$51.11	\$111.98
150518100 BATTLE LAKE GOOD SAMARITAN	\$54.45	\$46.20	<u>\$100.65</u>	
Difference between Otter Tail and Battle Lake's rates			\$11.33	
Reporting year September 30, 2004, resident days at Battle Lake			<u>0</u>	
Estimated cost of Battle Lake moving to Otter Tail			\$0	
Grand total for all RUG categories (per year)	\$223,566			
State share of grand total FY06	\$58,000			
State share of grand total FY07-09	\$63,000			

Senator Kierlin introduced--

S.F. No. 928: Referred to the Committee on Health and Family Security.

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A bill for an act

relating to health; increasing medical assistance  
reimbursement rates for a nursing facility in Houston  
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. [RATE INCREASE EFFECTIVE JULY 1, 2005.] For the  
rate year beginning July 1, 2005, a nursing facility in Houston  
County licensed for 50 beds as of September 1, 2004, shall  
receive an increase of \$..... in each case mix payment rate to  
offset property tax payments due as a result of the facility's  
conversion from nonprofit to for-profit status. 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 purposes 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  
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JO ANNE ZOFF SELLNER  
DIRECTOR

**Senate**  

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**State of Minnesota**

**S.F. No. 928 - Rate Increase for Houston County Nursing  
Facility**

**Author:** Senator Bob Kierlin

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



**Date:** March 3, 2005

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**S.F. No. 928** provides an unspecified rate increase for a 50-bed nursing facility in Houston County to offset property tax payments resulting from the facility's conversion from nonprofit to for-profit status.

DG:rd

**Fiscal Note – 2005-06 Session**

**Bill #:** S0928-0 **Complete Date:** 02/23/05

**Chief Author:** KIERLIN, BOB

**Title:** HOUSTON CTY NURSING FAC MA 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.

<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	4	4	4	4
<b>Less Agency Can Absorb</b>					
-- No Impact --					
<b>Net Expenditures</b>					
General Fund	0	4	4	4	4
<b>Revenues</b>					
-- No Impact --					
<b>Net Cost &lt;Savings&gt;</b>					
General Fund	0	4	4	4	4
<b>Total Cost &lt;Savings&gt; to the State</b>	0	4	4	4	4

	<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: HF 926/SF 928**

Bill Description

The purpose of this bill is to allow a rate increase for Caledonia Care and Rehab, a facility that changed ownership in 2004. This change resulted in the facility going from not-for-profit to for-profit status. This means they now are required to pay real estate taxes. The rate increase is supposed to cover the cost of the taxes.

Assumptions

There is one nursing facility in Houston county that currently is paying real estate taxes. That facility's taxes divided by appraised value is \$.0045. The appraised value of the facility to which this bill applies, along with the \$.0045, creates the estimated cost of this bill.

MA occupancy for the reporting year ending September 30, 2004, is assumed not to change significantly in the future.

Expenditure and/or Revenue Formula

La Crescent Health Care Center reported real estate taxes of \$9,058. Their appraised value on the base year rate notice was \$1,996,474; this computes to real estate taxes of \$.0045 per dollar of appraised value. Caledonia Care and Rehab's last appraised value is \$2,481,953 after inflating it to La Crescent base year. Multiplying \$.0045 by \$2,481,953 yields an estimate of property taxes to be paid of \$11,000 per year.

Long-Term Fiscal Considerations

Real estate taxes are an annual expense so the rate adjustment is perpetual.

Local Government Costs

There is a county share of costs computed for this bill, but the amount round to less than \$1,000 per year, so zero is shown as the county costs.

References/Sources

Baseline cost and statistical reports and prior year cost reports

NURSING HOME FISCAL NOTE  
SF 0928                      HF 0926

TOPIC: Houston county 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. The purpose of this bill is to allow a rate increase to a nursing facility that changed ownership in 2004. This change resulted in the facility going from not-for-profit to for-profit status. This means they now are required to pay real estate taxes. The rate increase is suppose to cover the cost of the taxes.
3. There is one nursing facility in Houston county that currently is paying real estate taxes. That facility's taxes divided by appraised value is \$.0045. The apprais the facility to which this bill applies, along with the \$.0045, creates the estima of this bill.
4. MA occupancy for the reporting year ending September 30, 2004, is assumed not to 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 =	\$0	\$0	\$0	\$0

Operating Costs Item 2 =	\$0	\$0	\$0	\$0
Property Costs Item 3 =	\$0	\$0	\$0	\$0
Property Costs Item 4 =	\$0	\$0	\$0	\$0
Rate increase for Caledonia Care and Re =	\$11	\$11	\$11	\$11
Total =	\$11	\$11	\$11	\$11
Costs Not Subject to Inflation =	\$11	\$11	\$11	\$11
Costs Subject to Inflation =	\$0	\$0	\$0	\$0
(Includes Inflation on Prior Years)				
Adjust for Inflation				
Case-mix "creep" factor =	0.16%	0.16%	0.16%	0.16%
Adjusted for Inflation =	\$0	\$0	\$0	\$0
Plus Costs Not Subject to Inflation =	\$11	\$11	\$11	\$11
Total =	\$11	\$11	\$11	\$11
Adjust for Occupancy				
Forecasted change in MA paid days =	100.00%	100.00%	100.00%	100.00%
MA Occupancy Percentage =	68.24%	68.24%	68.24%	68.24%
Adjusted for Occupancy =	\$8	\$8	\$8	\$8
Adjust for Effective Date				
Effective Date: 7/1/05				
Includes One Month for Payment System Delay				
Factor =	91.67%			
Total Projected MA Costs/(Savings) =	\$7	\$8	\$8	\$8
	FY 2006	FY 2007	FY 2008	FY 2009
Total Projected MA Costs/(Savings) =	\$7	\$8	\$8	\$8
Federal Share =	\$4	\$4	\$4	\$4
State Budget =	\$4	\$4	\$4	\$4
County Share =	\$0	\$0	\$0	\$0
	FY 2006	FY 2007	FY 2008	FY 2009
MA Grants (State Budget)	\$4	\$4	\$4	\$4
Administrative Costs	\$0	\$0	\$0	\$0
Total Costs/(Savings)	\$4	\$4	\$4	\$4

Agency Contact Name: Greg Tabelle 296-5597  
 FN Coord Signature: STEVE BARTA  
 Date: 02/22/05 Phone: 296-5685

### EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: DOUG GREEN  
 Date: 02/23/05 Phone: 286-5618



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 remove from layaway status up to 60 of the 98 beds  
17 placed in layaway status in paragraph (ii), and relicense and  
18 recertify these beds in stages in a newly constructed nursing  
19 facility in Ramsey located on a long-term care campus that  
20 provides a continuum of housing and health care options and  
21 services, ranging from independent living to skilled nursing  
22 services. The beds must be relicensed and recertified in two  
23 stages. The beds must be relicensed and recertified prior to  
24 June 30, 2009.

**NARRATIVE: SF 1079/HF1203**

Bill Description

This bill allows Crest View Lutheran Home to build up to a 60-bed nursing facility in Ramsey, using beds that were put on layaway from a closure in 2001 (special legislation). The beds must be relicensed in two stages and completed prior to June 30, 2009.

Assumptions

A facility with 25 beds will be complete around January 1, 2007. If needed, more beds will be added and additional construction completed by June 30, 2009, as specified in the bill language.

The net result of this bill will be a fiscal impact of approximately zero due to the following:

1. Rates for the facility are assumed to be the rates of Crest View Lutheran Home.
2. The facility is to be mostly a short-stay transitional care facility, but it is assumed that some percentage of residents will become long-term residents due to various circumstances.
3. Most of the population will be non-MA, as the short-stay residents will be mainly Medicare and private-pay.
4. The nursing facility represents that the people to be served in this facility are to be mainly short stay Medicare residents, private insurance and private pay. We assume the MA case load will be low and a large number of residents will be discharged to their own homes. It is further assumed, in regard to the residents who will return to their own homes, that if served in another facility, while many of these residents would still be discharged to their own homes, some small portion would otherwise become long-term residents.
5. The new nursing facility will be required to pay the surcharge, which will be part of the offset to any costs. Surcharge revenue is based on 25 beds x \$2,815, with one half for FY 2007.

Expenditure and/or Revenue Formula

See above.

Long-Term Fiscal Considerations

None

Local Government Costs

None

References/Sources

Conversation with facility representative, experience of another recently-built short-stay facility

Agency Contact Name: Marilyn Kaufenberg 215-5712  
FN Coord Signature: STEVE BARTA  
Date: 03/08/05 Phone: 296-5685

**EBO Comments**

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: DOUG GREEN  
Date: 03/08/05 Phone: 286-5618

**Fiscal Note – 2005-06 Session**

**Bill #:** S1079-0 **Complete Date:** 03/08/05

**Chief Author:** FOLEY, LEO

**Title:** NURSING HOME BED MORATORIUM EXCEPT

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	0	31	70	70
<b>Less Agency Can Absorb</b>					
-- No Impact --					
<b>Net Expenditures</b>					
General Fund	0	0	31	70	70
<b>Revenues</b>					
-- No Impact --					
<b>Net Cost &lt;Savings&gt;</b>					
General Fund	0	0	31	70	70
<b>Total Cost &lt;Savings&gt; to the State</b>	0	0	31	70	70

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



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

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JO ANNE ZOFF SELLNER  
DIRECTOR

**Senate**  

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**State of Minnesota**

**S.F. No. 1079 - Nursing Facility Construction Moratorium  
Exception for Facility in Ramsey (the Delete-Everything  
Amendment)**

**Author:** Senator Leo Foley

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



**Date:** March 3, 2005

---

**S.F. No. 1079** provides an exception to the nursing facility construction moratorium to remove from layaway status up to 60 of the 98 beds placed in layaway under a previously approved moratorium exception. The new beds must be opened in two stages in a new facility in Ramsey located on a long-term care campus that provides a continuum of housing and health care options. The 60 beds must be relicensed and recertified before June 30, 2009.

DG:rd



*Lifestyles for Seniors*

March 7, 2005

Senator Linda Berglin  
Chair Finance Committee Health & Human Services  
75 Martin Luther King Blvd. Room 309  
St. Paul, MN 55155-1606

Senator Berglin:

On behalf of Guardian Angels of Elk River, a senior services provider, we wish to express our concerns, questions and opposition related to SF1079 regarding a moratorium exception and the re-licensure of 60 skilled nursing facility beds to be located in the City of Ramsey by Crest View Senior Communities. This potential project is located within our service area as it will be located within six miles of our skilled nursing facility.

It is our understanding that the Minnesota Department of Human Services has been actively advocating reducing the number of skilled nursing beds in Minnesota. Numerous facilities have closed or de-licensed beds using the incentives provided by the State in efforts to reduce the total number of skilled nursing beds. In fact, a State report titled "The Status of Long Term Care in Minnesota" cited Minnesota's high number of nursing facility beds per 1,000 for persons age 65 and older, compared to other states. This legislation seems to go against this effort by increasing the number of skilled beds in active service.

One may argue, however, that this portion of the State is in need of additional beds. This may or may not be true based upon when a market analysis is completed. Though our 120 bed skilled nursing facility operates above State averages for occupancy, we do experience periods of extended vacancy. Additionally, there are four other providers located within this area of Anoka County which would fall within this service area of this proposed facility. Given the increasing number of alternative services being offered in the area such as assisted living, home care and other community based services we question the need for additional skilled nursing beds above those already serving this geographical area. It is our belief that the needs of those in this area whom require skilled nursing are currently being adequately met within our facility or the providers in Anoka and Coon Rapids. Furthermore, Ramsey is a relatively young and growing community, is this truly the best location for additional beds within this geographical area?

280 Evans Avenue  
Elk River, MN 55330

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Should there be an identified need for additional skilled beds in a geographical area, would it not be in the best interest of the State and the consumer to allow for a competitive process in determining the placement of additional beds? This would allow the areas existing providers an opportunity to participate in this process. Furthermore, increasing capacity at an existing facility may be less costly than opening a new facility. Guardian Angels would like the opportunity to compete for these beds.

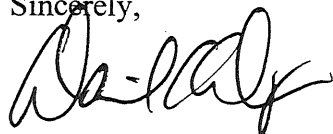
Another area of concern deals with finance and the lack thereof within the current payment model for skilled nursing facilities. We do not need to tell you that nursing facilities are struggling. A few years ago, Minnesota's two associations representing senior services providers embarked on mission to foster changes within the senior services market. One key piece of this effort dealt with funding and the need for nursing facilities to be adequately funded to provide quality care for a medically complex resident. Does moving this project forward improve this situation? State funds would be used in this project through the current reimbursement formulas. Is this truly the best way to appropriate funds during difficult budget times?

Guardian Angels of Elk River has been serving seniors in this area for over 40 years. We offer a full continuum of services ranging from independent housing, adult day services, senior dining, assisted living, home care, and skilled care that serves approximately 1,100 area seniors within our 20 mile service area. We are a well respected organization with an established reputation for high quality both locally and statewide. Though we do appreciate the efforts of Crest View in their desire to serve seniors, we question the timing and need for these added skilled beds in this geographic area. We feel that this area is adequately being served at the present time and respectfully request that this legislation be defeated.

We request that this letter be shared with all members of the Senate Finance Committee related to Health and Human Services.

Thank you for your consideration.

Sincerely,



Daniel Dixon  
President/CEO



Mark Pederson  
Administrator

Cc: Rep. Tom Hackbarth  
Sen. Mike Jungbauer  
Sen. Betsey Wergin  
Rep. Mark Olson

# ATTACHMENT "A"

03/04/05

[COUNSEL ] DG

SCS1079A-1

1 Senator ..... moves to amend S.F. No. 1079 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 remove from layaway status up to 60 of the 98 beds  
9 placed in layaway status in subdivision 4a, item (ii), and  
10 relicense and recertify these beds in stages in a newly  
11 constructed nursing facility in Ramsey located on a long-term  
12 care campus that provides a continuum of housing and health care  
13 options and services, ranging from independent living to skilled  
14 nursing services. The beds must be relicensed and recertified  
15 in two stages. The beds must be relicensed and recertified  
16 prior to June 30, 2009."

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."

Senators Wergin, Nienow and Fischbach introduced--  
S.F. No. 1302: Referred to the Committee on Finance.

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A bill for an act

relating to health; providing a temporary rate increase to allow a nursing facility in Princeton to recover costs incurred as a result of the nursing facility survey process; 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. [TEMPORARY RATE INCREASE EFFECTIVE JULY 1, 2005.] For the rate year beginning July 1, 2005, a nursing facility in Princeton licensed for 126 beds shall receive an increase of \$9.81 in each case mix payment rate to provide for recovery of costs incurred by the facility due to:

(1) the facility's reliance on information provided by the commissioner of health regarding the facility's authority to admit residents between January 8, 2004, and March 19, 2004; and

(2) participation in the independent informal dispute resolution process.

The increase provided under this subdivision shall be added following determination under this chapter of the payment rate for the rate year beginning July 1, 2005, but shall not be included in the facility's total payment rate for purposes of determining future rates for rate years beginning on or after July 1, 2006.

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

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JO ANNE ZOFF SELLNER  
DIRECTOR

**Senate**  

---

**State of Minnesota**

**S.F. No. 1302 - Temporary Rate Increase for Princeton  
Nursing Facility**

**Author:** Senator Betsy Wergin

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

**Date:** March 3, 2005



---

**S.F. No. 1302** provides a one-year \$9.81 rate increase for a 126-bed nursing facility in Princeton to reimburse the facility for costs incurred due to (1) the facility's reliance on information provided by the Minnesota Department of Health regarding the facility's authority to admit residents between January 8, 2004, and March 19, 2004, and (2) the facility's participation in the independent informal dispute resolution process.

DG:rdr

**Fiscal Note – 2005-06 Session**

**Bill #:** S1302-0 **Complete Date:** 03/07/05

**Chief Author:** WERGIN, BETSY

**Title:** PRINCETON NURSING FAC MA 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)	<b>FY05</b>	<b>FY06</b>	<b>FY07</b>	<b>FY08</b>	<b>FY09</b>
<b>Expenditures</b>					
General Fund	0	121	11	0	0
<b>Less Agency Can Absorb</b>					
-- No Impact --					
<b>Net Expenditures</b>					
General Fund	0	121	11	0	0
<b>Revenues</b>					
-- No Impact --					
<b>Net Cost &lt;Savings&gt;</b>					
General Fund	0	121	11	0	0
<b>Total Cost &lt;Savings&gt; to the State</b>	0	121	11	0	0

	<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>					



**Fiscal Note – 2005-06 Session**

**Bill #:** S1302-0 **Complete Date:** 03/07/05

**Chief Author:** WERGIN, BETSY

**Title:** PRINCETON NURSING FAC MA 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	121	11	0	0
<b>Less Agency Can Absorb</b>					
-- No Impact --					
<b>Net Expenditures</b>					
General Fund	0	121	11	0	0
<b>Revenues</b>					
-- No Impact --					
<b>Net Cost &lt;Savings&gt;</b>					
General Fund	0	121	11	0	0
<b>Total Cost &lt;Savings&gt; to the State</b>	0	121	11	0	0

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

FISCAL NOTE COMPUTATIONS:

	FY 2006	FY 2007	FY 2008	FY 2009
Total Annual Cost/(Savings)	Amount	Amount	Amount	Amount
Rate increase of \$9.81 =	\$436	\$0	\$0	\$0
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 =	\$436	\$0	\$0	\$0
Costs Not Subject to Inflation =	\$0	\$0	\$0	\$0
Costs Subject to Inflation =	\$436	\$0	\$0	\$0
(Includes Inflation on Prior Years)				
Adjust for Inflation				
Case-mix "creep" factor =	0.16%	0.16%	0.16%	0.16%
Adjusted for Inflation =	\$436	\$0	\$0	\$0
Plus Costs Not Subject to Inflation =	\$0	\$0	\$0	\$0
Total =	\$436	\$0	\$0	\$0
Adjust for Occupancy				
Forecasted change in				
MA paid days =	89.66%	88.11%	87.26%	85.60%
MA Occupancy Percentage =	67.90%	67.90%	67.90%	67.90%
Adjusted for Occupancy =	\$266	\$0	\$0	\$0
Adjust for Effective Date				
Effective Date: 7/1/05				
Includes One Month for Payment System Delay				
Factor =	91.67%			
Total Projected MA Costs/(Savings) =	\$244	\$22	\$0	\$0
	FY 2006	FY 2007	FY 2008	FY 2009
Total Projected MA Costs/(Savings) =	\$244	\$22	\$0	\$0
Federal Share =	\$122	\$11	\$0	\$0
State Budget =	\$121	\$11	\$0	\$0
County Share =	\$1	\$0	\$0	\$0
	FY 2006	FY 2007	FY 2008	FY 2009
MA Grants (State Budget)	\$121	\$11	\$0	\$0
Administrative Costs	\$0	\$0	\$0	\$0
Total Costs/(Savings)	\$121	\$11	\$0	\$0

Agency Contact Name: Greg Tabele 296-5597  
 FN Coord Signature: STEVE BARTA  
 Date: 03/07/05 Phone: 296-5685

**EBO Comments**

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: DOUG GREEN  
 Date: 03/07/05 Phone: 286-5618

Request for a temporary rate increase.

Princeton Care and Rehab Center

March 8, 2005

**“During late 2003 and the first quarter of 2004, Minnesota’s average number of deficiencies per survey were much higher than the CMS Region V average. In addition, there was a wide variation in deficiency citations among the survey districts within the state”** ---Annual Quality Improvement Report on the Nursing Home Survey Process, Minnesota Department of Health

Transcript of Voice message on January 19, 11:21 a.m.

*“Hi Linda, this is Edie Haskamp calling from Minnesota Department of Health, and I had talked to you a little while ago and assured you that you were not in denial of payment. However, I received a call back from Chris who requested that I go look at a letter – the letter that you received regarding what the Feds had said – and the letter does indicate that you are in denial of payment in January 8, 2004. So I thought I would let you know. I know that Todd is going to talk to you about that. But I thought I would just make sure I touched base. Thank you. Goodbye. Feel free to call if you have questions. Goodbye.”*

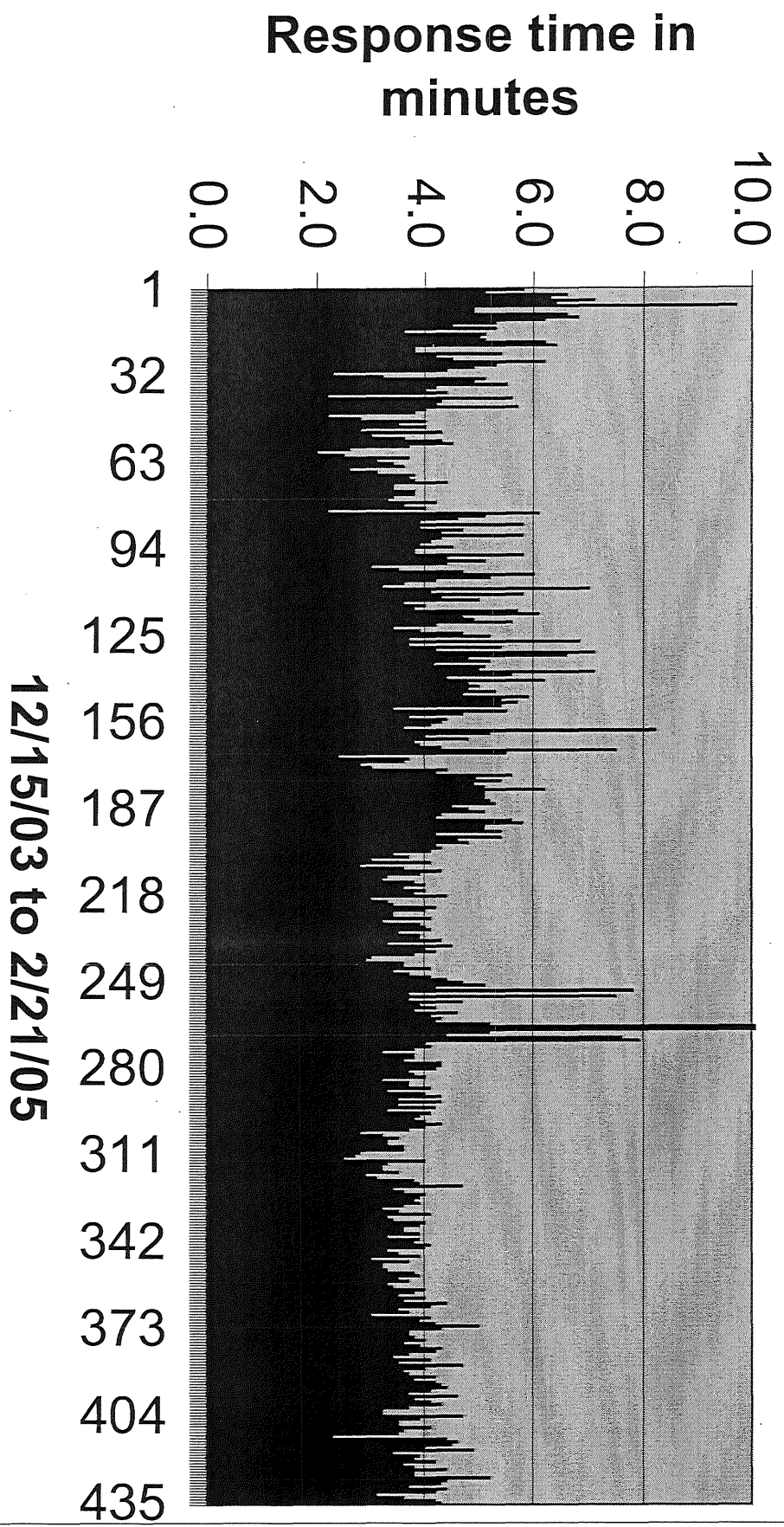
*The message is date stamped January 19, 2004*

November 2003 Princeton survey expenses:

cost per day

Free care from denial of payment (unable to bill)	\$66,000	\$1.65
Lost revenue from reduced occupancy: Jan 8 to March 19		
Medicaid	\$49,500	\$1.23
Medicare	\$44,800	\$1.12
Additional staffing and related expenses	\$166,000	\$4.13
Legal fees	\$57,002	\$1.42
Consulting fees	<u>\$10,390</u>	<u>\$ .26</u>
Total	\$393,692	\$9.81

# Average Response Time - Nurse calls - Elim-Princeton



**Senator Nienow introduced--****S.F. No. 506: Referred to the Committee on Health and Family Security.**

1                                   A bill for an act

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

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

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

10           Subd. 41. [COUNTY DESIGNATION.] (a) For rate years  
11 beginning on or after July 1, 2005, and subject to paragraph  
12 (b), nursing facilities located in Chisago County shall be  
13 considered metro, in order to:

14           (1) determine rate increases under this section, section  
15 256B.434, or any other section; and

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

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

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

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DIRECTOR


**Senate**  

---

**State of Minnesota**

**S.F. No. 506 - Metro Designation for Chisago County  
Nursing Facilities**

**Author:** Senator Sean Nienow

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

**Date:** March 3, 2005

---

**S.F. No. 506** requires nursing facilities in Chisago County to be treated as metro facilities for reimbursement purposes, effective July 1, 2005, if the designation results in a higher reimbursement rate. The designation would apply under current nursing facility reimbursement statutes and under any new payment system adopted for future ratesetting.

DG:rdr



**Fiscal Note – 2005-06 Session**

**Bill #:** S0506-0 **Complete Date:** 02/14/05

**Chief Author:** NIENOW, SEAN

**Title:** CHISAGO CTY NURSING FAC DESIG. METRO

<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>					
-- No Impact --					
<b>Less Agency Can Absorb</b>					
-- No Impact --					
<b>Net Expenditures</b>					
-- No Impact --					
<b>Revenues</b>					
-- No Impact --					
<b>Net Cost &lt;Savings&gt;</b>					
-- No Impact --					
<b>Total Cost &lt;Savings&gt; to the State</b>					

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

**NARRATIVE: HF 337/SF506**

Bill Description

This bill will give a "metro" designation to all nursing facilities in Chisago county for rate years beginning on or after July 1, 2005. This designation will apply for the calculation of rate increases only. Further, if a "non-metro" designation results in a higher rate, the "metro" designation does not apply.

Assumptions

This bill will have no effect on rate setting of Chisago county nursing facilities. It is a duplication of last year's bill that created Minnesota Statutes 256B.431, subdivision 40. This section of statute states that all facilities in counties that are designated as a Metropolitan Statistical Area (MSA) by the Office of Management and Budget (OMB) will be considered metro with computing rate increases.

The OMB currently lists Chisago county as being in MSA 33460-Minneapolis, Saint Paul, Bloomington. This MSA covers an eleven county area surrounding the Twin Cities and two counties in western Wisconsin.

Although Chisago county nursing facilities are considered metro under subdivision 40, neither this subdivision or this bill gives any authority to create rate increases for nursing facilities. It contains directions that will need to be followed when the legislature authorizes rate increases that use a metro vs. non-metro comparison. Also, neither subdivision 40 or this bill results in redistribution of existing resources among facilities.

Expenditure and/or Revenue Formula

None

Long-Term Fiscal Considerations

The distribution of future rate increases have the potential to be affected by subdivision 40. This bill has no effect because it duplicates existing law.

Local Government Costs

None

References/Sources

Minnesota Statutes 256B.431, subdivision 40  
Office of Budget and Management web site

Agency Contact Name: Greg Tabelle 296-5597  
FN Coord Signature: STEVE BARTA  
Date: 02/01/05 Phone: 296-5685

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: DOUG GREEN  
Date: 02/14/05 Phone: 286-5618



## LOCAL 113

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President

Jan Cuccia  
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**Date:** March 8, 2005

**To:** Chairwoman Linda Berglin  
Senate Health and Human Services Committee, Budget Division

**From:** SEIU Local 113

**Re:** S.F. 506 – Chisago County as Metro for nursing home rates

Service Employees International Union (SEIU) Local 113 would like to express our support for S.F. 506. This bill will reimburse nursing homes in Chisago County at the Metro area rate. In our experience, other non-nursing home unionized health care workers in Chisago County have begun to negotiate for and earn wages based on Metro area levels. Chisago County nursing homes will not attract staff, unless they are reimbursed at the Metro level and can pay Metro wages.

SEIU Local 113 represents two groups of employees in Chisago County. At Fairview Lakes Regional Health Care we represent almost 400 workers including nursing assistants, housekeeping staff, dietary staff, equipment technicians, and other service and maintenance staff. They work at the main hospital in Wyoming, plus clinics in Lino Lakes, Rush City, North Branch, and Chisago City. In November 2003, they negotiated a new three-year contract that provided for pay equity with Metro area health care workers. In fact, for the second year of the contract starting October 1<sup>st</sup>, 2004, their pay scale is copied directly from the pay scale at the Fairview University Medical Center-Riverside Campus in Minneapolis.

SEIU Local 113 also represents about 90 nursing home workers at Green Acres Country Care Center in North Branch. They include L.P.N.s, nursing assistants, dietary staff, and housekeepers. In part, because their wages depend on reimbursement rates, they make far less than SEIU Local 113 members with similar job classifications at Fairview Lakes. For example, a starting housekeeper at Green Acres makes \$7.83 per hour while an environmental services aide at Fairview Lakes makes \$11.53 per hour. A starting nursing assistant at Green Acres makes \$8.49 per hour while a starting nursing assistant at Fairview Lakes makes \$12.07 per hour.

The workers at Fairview Lakes won Metro area wages because their Union allowed them to negotiate fair wages. But they could not have gotten Metro area wages if Chisago County had not become part of the Metro area labor market. We believe fairness and sound public policy require giving nursing homes in Chisago County the resources to pay Metro area wages.

bb/Opeiu#12



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## Living Here

### Our Mission:

"Chisago County was created by the State of Minnesota to serve, to protect, and to enhance the quality of life for those we serve. We perform our duties and obligations in an ethical, democratic, and respectful manner."

### Medical & Nursing Home Facilities

#### Medical Clinics

- [Cambridge](#)
- [North Branch](#)
- [Rush City](#)
- [St. Croix Falls, WI](#)
- [Wyoming](#)
- [Coroner's Office](#)

#### Nursing Homes

- [Green Acres County Care Center](#)
- [Hilcrest Health Care Center](#)
- [Margaret S Parmly Residence](#)

#### Living Here Home

#### Cities

#### Churches

#### Federal Agencies

#### Local Support Agencies

#### Medical Clinics

#### Nursing Homes

#### Schools

#### Townships

#### Departments

#### Administration

#### Assessor

#### Attorney

#### Auditor

#### Board of Commissioners

#### Court Administration

#### Court Services


#### Emergency Management

#### Environmental Services

#### Cambridge

Cambridge Medical Center  
701 South Ellwood  
Cambridge, MN 55008  
(763) 689-7700

#### North Branch

Fairview Lakes North Branch Clinic   
6413 Oak Street  
North Branch, MN 55056  
(651) 674-8353

Wild River Medical Clinic  
38986 - 14th Avenue North  
North Branch, MN 55056  
(651) 674-0055


#### Rush City

Rush City Area Clinic  
760 West 4th Street  
Rush City, MN 55069  
(320) 358-4784

#### St. Croix Falls

St. Croix Regional Medical Center  
204 S Adams Street  
St Croix Falls, WI  
(800) 642-1336

#### Wyoming

Fairview Lakes Regional Medical Center   
5200 Fairview Boulevard  
Wyoming, MN 55092  
(651) 982-7000

#### Green Acres County Care Center

38315 Harder Avenue  
North Branch, MN 55056  
(651) 674-7068

#### Hilcrest Health Care Center

650 South Bremer Avenue  
Rush City, MN 55069  
(320) 358-4765

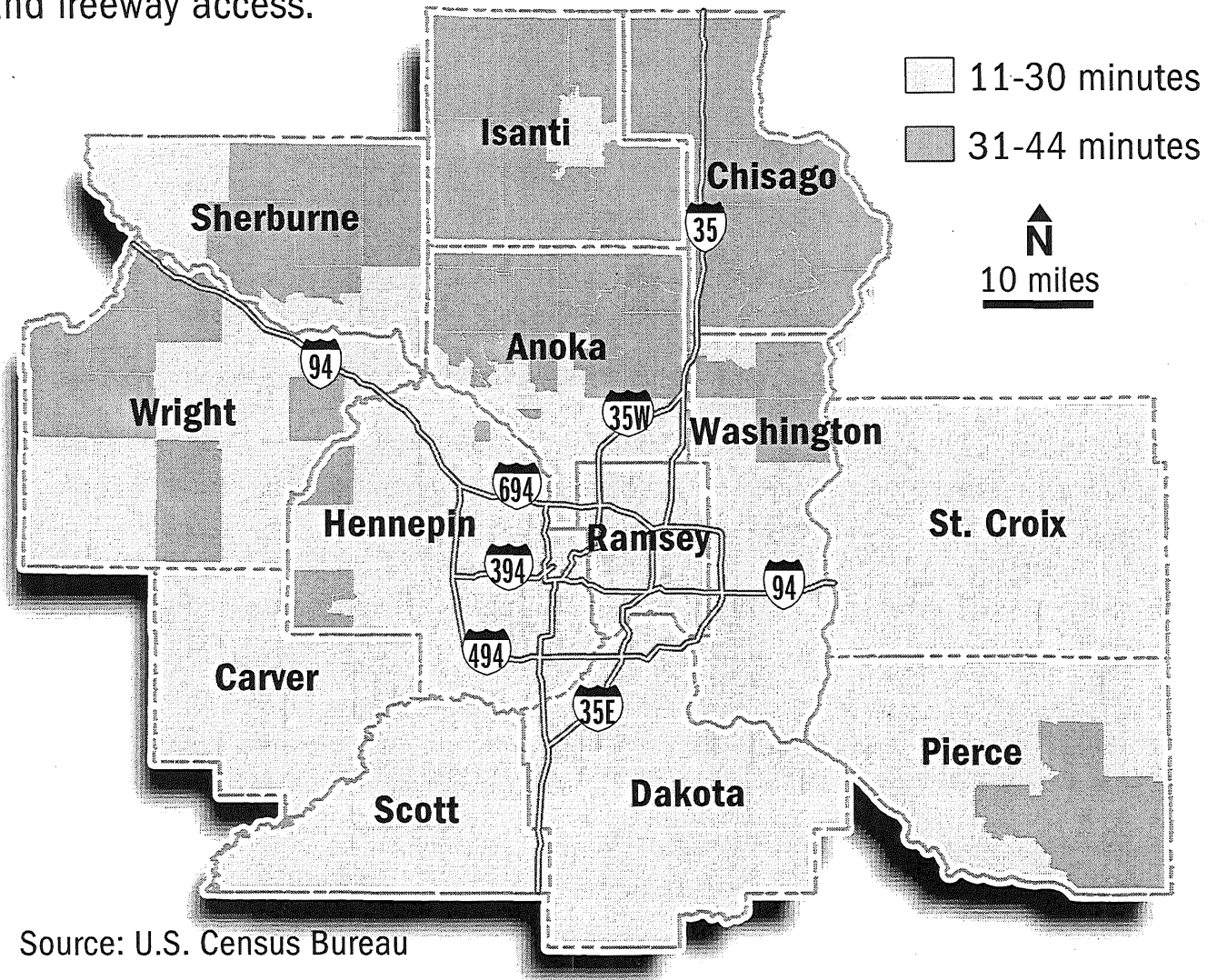
#### Margaret S Parmly Residence

28210 Old Towne Road  
Chisago City, MN 55013  
(3651) 257-0575

**★ = SEIU Local 113**

# Northern commute

Average commute times are highest in the north, the result of many factors, including who lives there (farming is still strong in the south to southwest); where jobs are (major clusters in southern suburbs); and freeway access.



ATTACHMENT "B"

03/07/05

[COUNSEL ] DG

SCS0506A-1

1 Senator ..... moves to amend S.F. No. 506 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 FACILITIES IN CHISAGO  
6 COUNTY.] Effective October 1, 2005, operating payment rates of  
7 nursing facilities in Chisago County, reimbursed under this  
8 section or section 256B.434, shall be increased to be equal, for  
9 a RUGs rate with a weight of 1.00, to the geographic group III  
10 median rate for the same RUGs weight. The percentage of the  
11 operating payment rate for each facility to be case-mix adjusted  
12 shall be equal to the percentage that is case-mix adjusted in  
13 that facility's September 30, 2005, operating payment rate.  
14 This subdivision shall apply only if it results in a rate  
15 increase. Increases provided by this subdivision shall be added  
16 to the rate determined under any new reimbursement system  
17 established under section 256B.440.

18 Sec. 2. [APPROPRIATION.]

19 \$638,000 is appropriated from the general fund to the  
20 commissioner of human services for the biennium beginning July  
21 1, 2005, for the purposes of section 1."

22 Delete the title and insert:

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