

## **S.F. No. 780 – Nursing Facility Payment Rates, Elderly Waiver Rates, and Customized Living Services Payment Rate Modifications**

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**S.F. No. 780** contains eight proposals related to rates for services provided primarily to older adults.

**Home-delivered meals rate** – Section 1 sets the rates for home-delivered meals delivered to disability waiver recipients equal to the rates paid for home-delivered meals delivered to elderly waiver recipients.

**Recategorize certain nursing facility labor costs** – Sections 2 through 5 and 7 through 11 recategorize certain labor costs from other operating costs to other care-related costs. The effect of this recategorization is that the labor costs associated with food service, housekeeping services, laundry services, and maintenance are reimbursed at cost unless the facility’s total care-related costs exceed the facility’s care-related limit.

**Establishing a known cost change factor for nursing facility rates** – Sections 6 and 12 through 15 establish a known cost change factor designed to account for the change in facility costs between the time a cost is incurred by the facility and the time the facility is reimbursed for that expenditure through its reimbursement rate. The known cost change factor is equal to the estimated change in the CPI-U index between July 1 of the year in which the facility incurs a cost and July 1 of the year in which the facility is reimbursed for the previously incurred cost.

**Customized living rate calculations** – Section 16 modifies the existing statute related to setting customized living rates by requiring the commissioner to use the component rates established in statute to calculate the rates.

**Full implementation of the elderly waiver rate framework** – Sections 17 and 23 repeal the partial phase-in of the elderly waiver rate framework and make conforming changes. This change would also apply to customized living rates under the BI and CADI waivers. Section 22 encumbers the rate increase such that elderly waiver service providers must use at least 80% of their increased medical assistance revenue to increase compensation-related costs related to certain employees. Section 22 does not apply to the partial year update to elderly waiver service rates, but only to

increased medical assistance revenue following full implementation of the elderly waiver rate framework.

**Annual updates of elderly waiver service rates** – Sections 18 and 19 require the commissioner to update the elderly waiver service rates annually based on the most recently available labor market wage data and nursing facility cost reports.

**2023 partial year update to elderly waiver service rates** – Section 19 requires the commissioner to update elderly waiver service rates based on the most recently available labor market wage data and nursing facility cost reports as soon as federal approval is obtained. These partial year rate increases apply to the partially phased-in rates and not to the fully phased-in rates.

**Nursing facility temporary rate add-on** – Section 21 establishes an immediate temporary rate add-on to nursing facility rates equal to \$52 per resident day and encumbers the rate increase such that nursing facilities must use the increased medical assistance revenue to increase compensation-related costs related to certain nursing facility employees and contractors.