



April 9, 2025

To: Chair Hoffman

CC: Members of the Senate Human Services Committee

From: The Long-Term Care Imperative

Re: SF3054, Senate Human Services Omnibus Bill

On behalf of the Long-Term Care Imperative, which represents over 2,000 providers across the senior care continuum, we appreciate the opportunity to share our areas of support and areas of opposition to the Senate's Human Services Omnibus Finance Bill as amended by the A-1 amendment. We look forward to continued conversations as the bill moves forward.

We are concerned that the current budget proposal fails to adequately address the long-term care needs of Minnesota's aging population, as it includes a \$192 million cut to nursing facilities. While the Governor's proposal included a larger overall reduction of \$220 million, we are deeply disappointed that nursing care accounts for 27% of the Senate's Human Services budget cuts. By contrast, the Governor's plan allocated just 13% of total proposed cuts to nursing facilities.

The proposed 4% rate cap and the elimination of the property rate inflation adjustment, planned closure rates, single-bed incentives, and layaways, and the capping of workers' insurance costs are deeply troubling.

We are also reviewing the proposed changes to how care-related costs are calculated for nursing facilities. We are concerned these changes may hinder facilities' ability to improve care quality if adequate resources are not provided to support such improvements. This proposal, and the cap on operating rates, will punish providers who made good faith investments in their workers pay and benefits on the assumption that the VBR system would provide reimbursement for those costs in future rates.

These measures will likely result in reduced access to nursing facilities and negatively impact workers' ability to access quality healthcare coverage. Instead of improving the Value Based Reimbursement (VBR) model, which has improved workers wages and benefits, and kept nursing facilities operating, this proposal serves to make the model worse.

We are grateful for the inclusion of additional funding for the Critical Access Nursing Facility (CANF) program. This program acknowledges that some facilities, particularly in rural areas, are at risk of closure and play a vital role in ensuring access to care. In the most recent request for proposals, over 80 facilities applied for funding, underscoring the urgent need and why we are so concerned with cuts to nursing facilities.

While we appreciate that some funding has been allocated for the Nursing Home Workforce Standards Board, we remain concerned that the funding is insufficient to meet the cost of its mandates. We urge legislators to provide facilities immediate funding upon the January 1, 2026 implementation date. We believe the underlying statute for the Board is fundamentally flawed as mandates enacted by the Board require nursing facilities to re-allocate other resources as required by the Board. The Board needs important reforms specifically in forecasting the cost of mandates and ensuring that there is a meaningful voice for each category represented through requiring a two-thirds majority from each stakeholder group for mandate approval.

We are continuing to evaluate the CADI/BI nursing level care changes included in Article 2, Section 15 of the proposal and will provide feedback to the chair and committee members as we gain a better understanding of its impacts.

Although we are neutral on the transition from RUG-IV to PDPM, we are concerned about its financial impact on facilities. Given the likelihood of reimbursement shifts, we urge the legislature to implement a hold harmless provision to safeguard providers during this transition from this change.

Lastly, we appreciate the inclusion of policy changes that prioritize resident safety in assisted living facilities and look forward to further dialogue as the proposal advances.