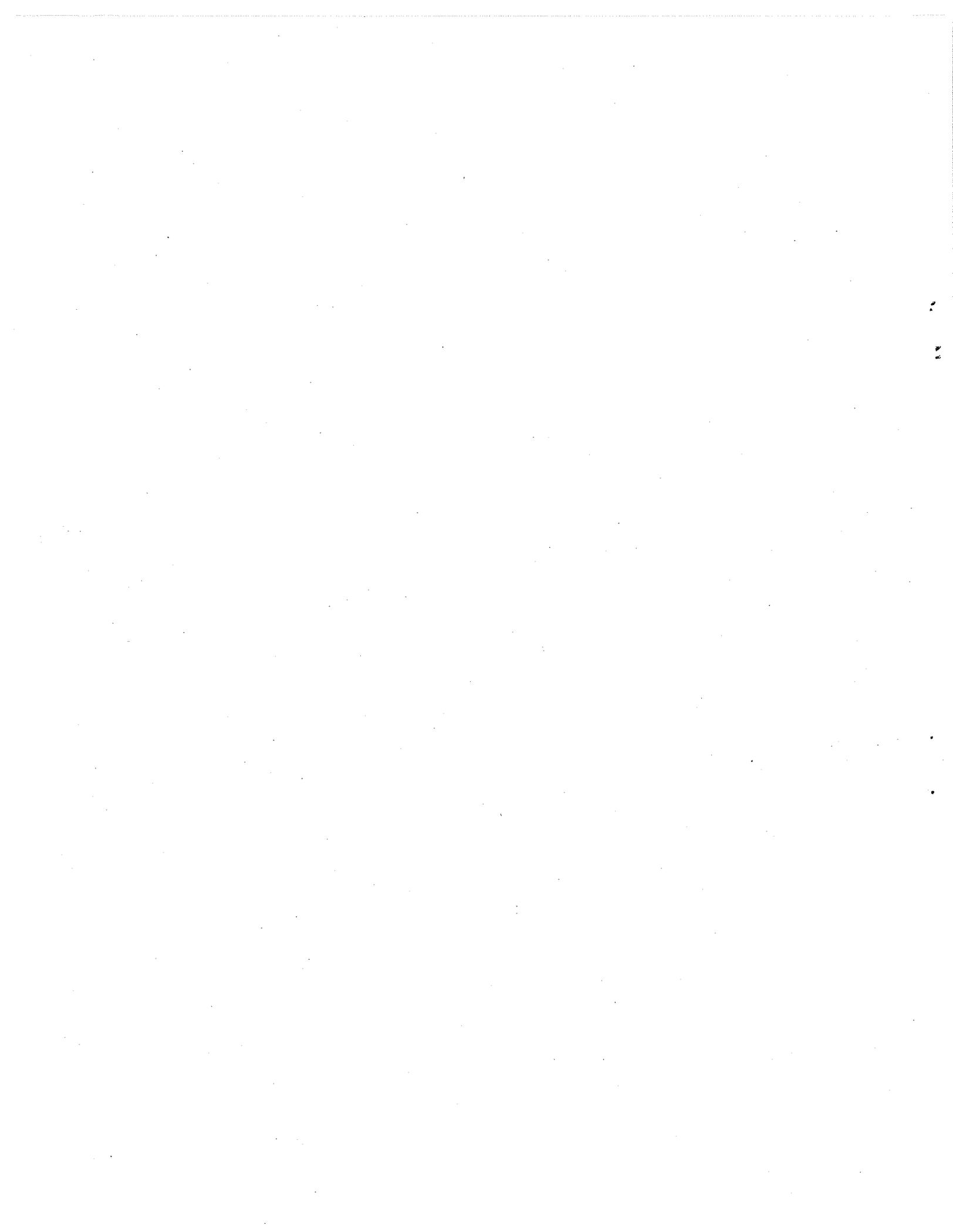


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**Supplemental Nursing Services Agencies  
2003:  
A Report to the Minnesota Legislature**



For more information, contact:  
Minnesota Department of Human Services  
Nursing Facility Rates and Policy Division  
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Supplemental Nursing Services Agencies  
2003

A Report to the Minnesota Legislature

Minnesota Department of Human Services  
Continuing Care Administration

January, 2004

Prepared by the Department of Human Services  
Nursing Facility Rates and Policy Division  
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## **I. INTRODUCTION**

Minnesota Statutes, Chapter 256B.039, requires the Commissioner of the Department of Human Services (DHS) to report annually to the legislature on the use of supplemental nursing services, including the number of hours worked by supplemental nursing services agency (SNSA) personnel and payments to supplemental nursing services agencies. For a background description of the SNSA law, its history, intent and provisions, please see *Supplemental Nursing Services: A Report to the Minnesota Legislature* published on April 16, 2003. Table 1 provides information on allowable maximum charges by SNSAs effective 7/1/03 and Table 2 lists the counties in each geographic group.

## **II. Data Available**

Data is provided for the nine year period from 1994 thru 2002, the latest year for which this data is available. Showing for each of the three geographic areas, three positions are considered—RN, LPN and CNA. Data for all years shown is for the 12-month period ending on 9/30 of that year, and filed with DHS by 12/31.

Including a year-by-year comparison of SNSA data is not possible for all facilities. Under Minnesota Statutes 256B.434 (commonly known as the APS statute), nursing facilities have been allowed to remove themselves from the Rule 50 method of rate setting since 1996. Before then, Rule 50 was the mechanism by which nursing facility rates were set and they were based on historical costs. When a facility moves to APS, it files a “data collection report” rather than a Rule 50 cost report. The data collection report does not require a facility to report costs, only selected statistical data. Without the cost data, a trend analysis of all nursing facility expenses related to SNSA’s cannot be produced. Starting in 2001 the data collection report did include dollar amounts for some positions. Therefore, the data for the years 1995 to 2000 is incomplete. However, while the number of facilities upon which this data is based varies from year to year, we have no reason to believe that this variation in the number of facilities introduces any significant bias to the overall trends that emerge. The number of facilities reporting is shown in Table 3. The total statewide facilities in 2002 is fewer than the number of facilities in the state because Rule 50 hospital attached facilities are not required to provide this data.

## **III. Enforcement Activities**

Activities to enforce the SNSA law by MDH have been minimal due to staff and budget limitations. There have been six site visits and only one agency was found to be out of compliance. That instance of lack of compliance has been corrected. No violation of rates was found.

#### **IV. Number of SNSA Agencies**

MDH has been registering SNSAs since 1/2/02. Since this date 33 agencies have stopped registering and 50 new agencies have been added to the registry. MDH listed about 400 of these agencies before 1/2/02. Some never registered on 1/2/02, perhaps because of the \$891 registration fee and other requirements of the law. The agencies listed by MDH are not necessarily all SNSAs. It includes some other agencies that are required to do criminal background studies.

#### **V. Comparing SNSA Costs per Hour with Employee Costs per Hour**

Trend data for the cost per hour of SNSA workers and nursing home employees is provided in Table 4.

For all three nursing categories and in all three geographic groups, with one small exception, the average hourly cost for SNSAs went down in 2002, as compared with 2001. Only the rural (group one) RN average cost per hour increased, and only by \$0.10 per hour. The largest percent decrease was 43.4% for RNs in semi-rural (group two) facilities. Statewide SNSA RN costs went down by \$6.96 per hour, 16%; LPN costs by \$6.37, 18.2%; and CNA costs, by \$3.64, 16.9%.

The average hourly cost for 2002, for each discipline, in each geographic group exceeded the maximum charge level established on 7/1/02. This may be explained by several factors:

- Only three months of the reporting year data was subject to the 7/1/02 maximum charges and the earlier maximum charges only went into effect on 4/9/02 when new legislation resulted in the dropping of a lawsuit and the lifting of a temporary restraining order prohibiting implementation of the original 2001 legislation. In other words, half the year was not subject to the statutory limits.
- The average hourly cost would be influenced by higher maximum charges allowed on recognized holidays.

It should be noted that the weighted average wage rates used in Table 1 for determining the allowable maximum charges differ from costs per hour for employees shown in Table 4. This is because the figures in Table 1 are adjusted upward to allow for the cost of payroll taxes. Also note that SNSA costs may exceed the target for 2002 because the charge limits were in force for only half the year.

## **VI. SNSA Hours**

Trend data for SNSA hours is provided in Table 5. SNSA usage per 100,000 total hours decreased markedly in 2002 in all geographic groups for all three positions reported except for RNs in semi-rural (group two) facilities which increased to 1,353 SNSA hours per 100,000 total hours. This followed marked increases in all geographic groups for all three positions in the prior year. Statewide the ratio of all SNSA hours per 100,000 total hours decreased from 3,909 to 2,035, a reduction of 48%.

## **VII. SNSA Costs**

Trend data for SNSA costs is provided in Table 6. As with cost per hour and hours worked, we see sharp declines in 2002 to total SNSA costs. Total spending by Minnesota nursing facilities in the year that ended 9/30/02 was down \$21 million (50%) when compared with the previous year. This was a result of a decline in SNSA cost per hour by 17% and of a decline in total SNSA hours by 48%. By geographic group total savings in 2002, as compared to 2001, were \$1.37 million in rural (group one) facilities, \$4.48 million in semi-rural (group two) facilities and \$16.2 million in metro (group three) facilities. By discipline the total savings were \$1.56 million for RNs, \$8 million for LPNs and \$11.46 million for CNAs.

## **VIII. Conclusions**

We theorize that the dramatic reduction in spending by nursing facilities is a result of two factors, the SNSA law and the economy. We may be able to see the relative strength of these factors when the economic recovery is more complete and unemployment goes down. As of this writing, no evidence has appeared suggesting adverse outcomes for residents resulting from the movement away from use of SNSAs.

Table 1

**Weighted Average<sup>1</sup> Wage Rates in Minnesota Nursing Facilities**  
 Sorted by Rule 50 Geographic Groups  
 Annual Increase Effective July 1, 2003

**Weighted Average Wage and Payroll Tax Rates**

Employee Class \ Geographic Group	Group One (76 facilities)	Group Two (168 facilities)	Group Three (161 facilities)
Registered Nurse	\$24.08	\$24.11	\$27.52
LPN	\$17.25	\$17.88	\$21.80
Nursing Aides (CNA)	\$11.89	\$12.58	\$15.04
Trained Medication Aide (TMA)	\$12.75	\$13.47	\$16.53

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

Employee Class \ Geographic Group	Group One (76 facilities)	Group Two (168 facilities)	Group Three (161 facilities)
Registered Nurse	\$36.12	\$36.17	\$41.28
LPN	\$25.88	\$26.82	\$32.70
Nursing Aides (CNA)	\$17.84	\$18.87	\$22.56
Trained Medication Aide (TMA)	\$19.13	\$20.21	\$24.80

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

**Table 1 (continued)**

**Weighted Average Holiday<sup>2</sup> Wage Rates in Minnesota Nursing Facilities**

Sorted by Rule 50 Geographic Groups

Annual Increase Effective July 1, 2003

**Weighted Average Wage and Payroll Tax Rates**

Geographic Employee Class	Group One (76 facilities)	Group Two (168 facilities)	Group Three (161 facilities)
Registered Nurse	\$39.73	\$42.92	\$51.19
LPN	\$27.95	\$31.47	\$40.77
Nursing Aides (CNA)	\$19.50	\$21.89	\$28.28
Trained Medication Aide (TMA)	\$21.80	\$23.57	\$31.74

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

Geographic Employee Class	Group One (76 facilities)	Group Two (168 facilities)	Group Three (161 facilities)
Registered Nurse	\$59.60	\$64.38	\$76.79
LPN	\$41.93	\$47.21	\$61.16
Nursing Aides (CNA)	\$29.25	\$32.84	\$42.42
Trained Medication Aide (TMA)	\$32.70	\$35.36	\$47.61

The counties in each of the three geographic groups is the same as the non-holiday pay scale.

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<sup>2</sup> Days to which these rates apply are based on when the nursing facility pays higher rates to its employees for working recognized holidays.

## Table 2

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

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

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

**Number of Facilities Reporting**

**Table 3**

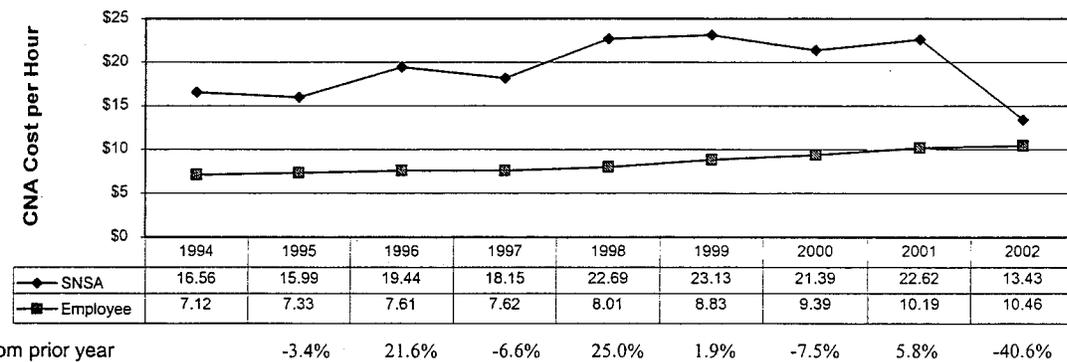
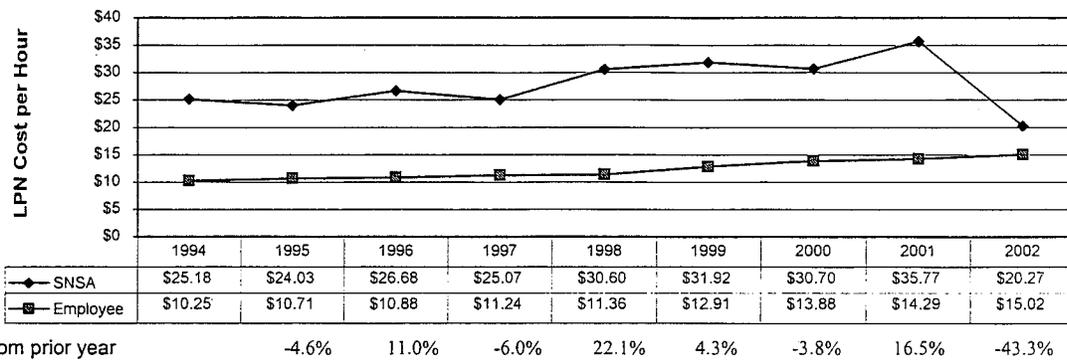
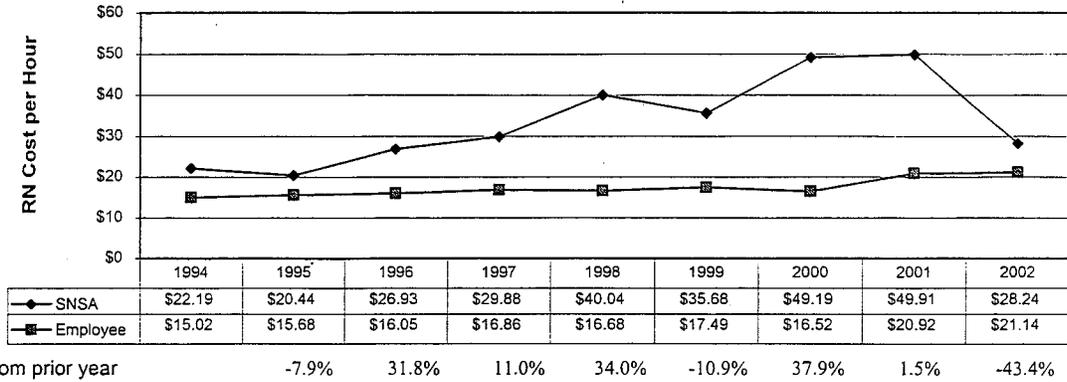
	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Rural (group one) Facilities	58	56	51	43	23	17	14	69	76
Semi-rural (group two) Facilities	138	129	101	83	55	47	42	140	154
Metro (group three) Facilities	159	138	111	94	42	34	30	142	154
All Facilities (statewide)	355	323	263	220	120	98	86	351	384



SNSA and Employee Cost per Hour Comparison

Table 4 (continued)

Semi-rural (group two) Facilities



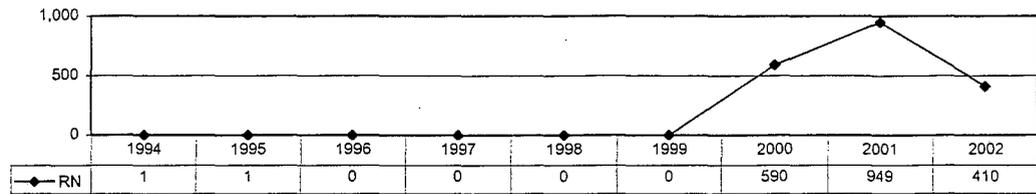




**SNSA Hours Compared to Total Hours  
Rural (group one) Facilities**

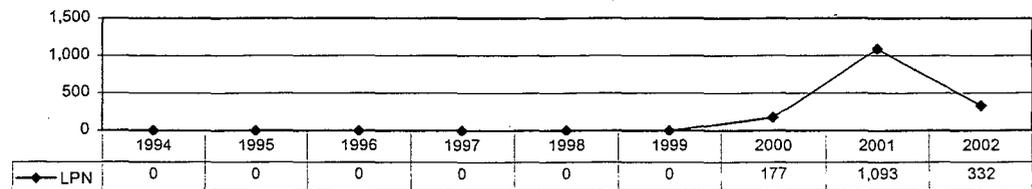
**Table 5**

**SNSA RN Hours/100,000 Total Hours**



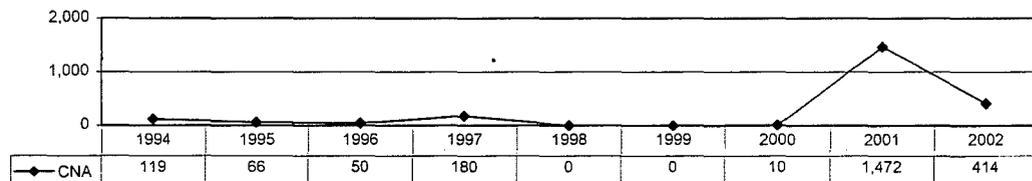
SNSA RN Hours	5	6	0	0	0	0	502	6,214	2,822
SNSA % Change		20.0%	-100.0%					1137.8%	-54.6%
Total RN Hours	472,371	450,496	406,413	320,778	143,796	95,179	85,042	654,479	687,492

**SNSA LPN Hours/100,000 Total Hours**



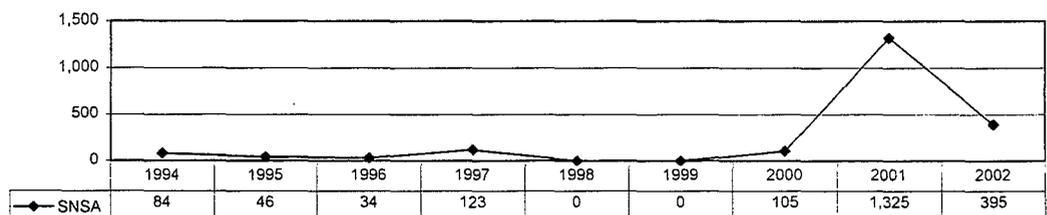
SNSA LPN Hours	0	0	0	0	0	0	351	13,542	4,493
SNSA % Change								3758.1%	-66.8%
Total LPN Hours	1,041,601	1,042,687	967,122	773,154	348,186	244,003	198,120	1,239,377	1,354,490

**SNSA CNA Hours/100,000 Total Hours**



SNSA CNA Hours	4,342	2,295	1,449	4,215	0	0	60	55,437	16,895
SNSA % Change		-47.1%	-36.9%	190.9%	-100.0%			92295.0%	-69.5%
Total CNA Hours	3,637,057	3,468,560	2,924,785	2,343,810	1,097,036	684,962	582,076	3,766,102	4,078,516

**SNSA Hours/100,000 Total Hours**

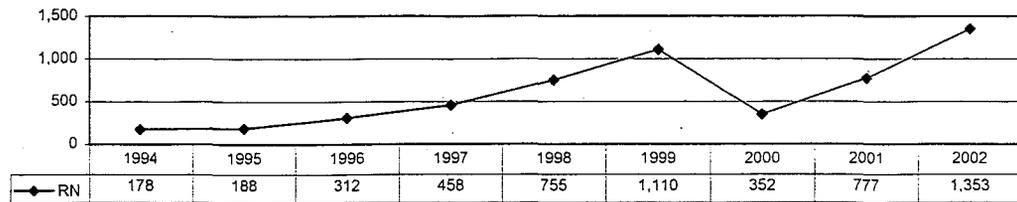


SNSA RN, LPN, CNA Hours	4,347	2,301	1,449	4,215	0	0	913	75,193	24,210
SNSA % Change		-47.1%	-37.0%	190.9%				8135.8%	-67.8%
Total RN, LPN, CNA Hours	5,151,029	4,961,743	4,298,320	3,437,742	1,589,018	1,024,144	865,589	5,673,500	6,124,991

SNSA Hours Compared to Total Hours  
Semi-rural (group two) Facilities

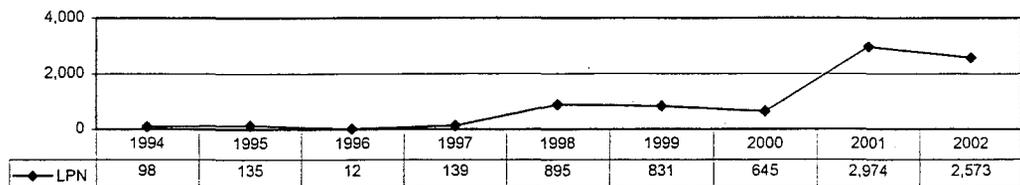
Table 5 (continued)

SNSA RN Hours/100,000 Total Hours



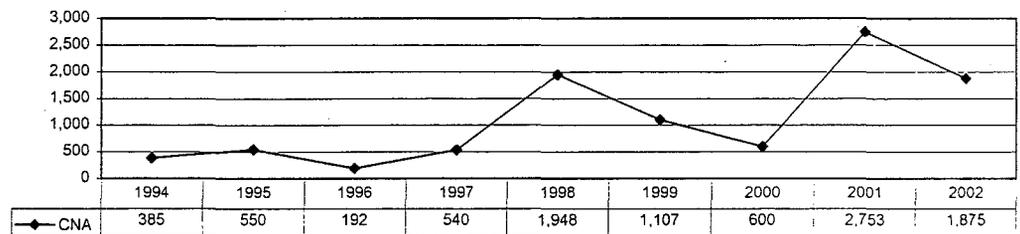
SNSA RN Hours	2,531	2,685	3,437	4,318	4,879	5,480	1,428	12,850	22,795
SNSA % Change		6.1%	28.0%	25.6%	13.0%	12.3%	-73.9%	799.9%	77.4%
Total RN Hours	1,423,417	1,427,491	1,102,353	943,568	646,207	493,741	405,963	1,654,596	1,684,549

SNSA LPN Hours/100,000 Total Hours



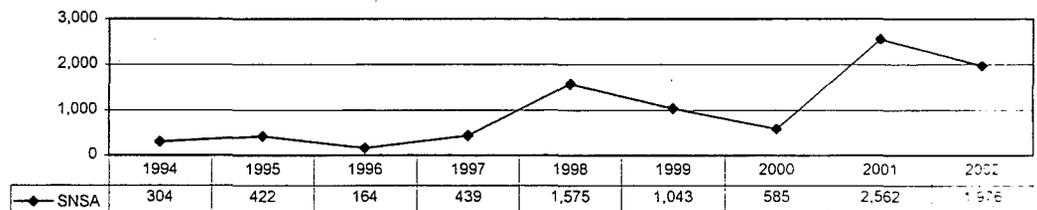
SNSA LPN Hours	2,981	3,975	273	2,592	11,152	8,906	6,050	93,107	87,780
SNSA % Change		33.3%	-93.1%	849.5%	330.2%	-20.1%	-32.1%	1439.0%	-5.7%
Total LPN Hours	3,048,373	2,947,579	2,263,962	1,866,278	1,246,535	1,071,687	938,478	3,131,153	3,411,514

SNSA CNA Hours/100,000 Total Hours



SNSA CNA Hours	38,667	51,061	12,569	29,145	71,910	33,933	15,033	238,822	183,863
SNSA % Change		32.1%	-75.4%	131.9%	146.7%	-52.8%	-55.7%	1488.7%	-23.0%
Total CNA Hours	10,043,870	9,289,306	6,540,809	5,397,390	3,691,218	3,066,063	2,504,530	8,673,820	9,804,269

SNSA Hours/100,000 Total Hours

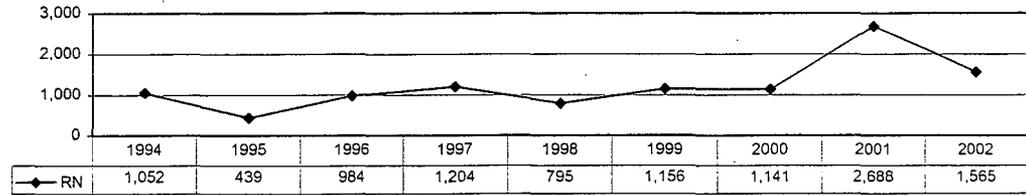


SNSA RN, LPN, CNA Hours	44,179	57,721	16,279	36,055	87,941	48,319	22,511	344,779	294,438
SNSA % Change		32.1%	-75.4%	131.9%	146.7%	-52.8%	-55.7%	1488.7%	-23.0%
Total RN, LPN, CNA Hours	14,515,660	13,664,376	9,907,124	8,207,236	5,583,960	4,631,491	3,848,971	13,459,569	14,901,332

**SNSA Hours Compared to Total Hours  
Metro (group three) Facilities**

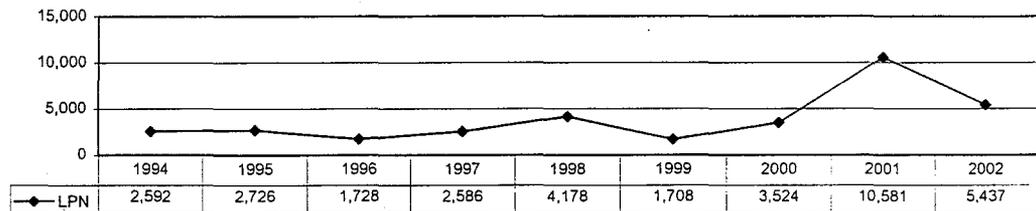
**Table 5 (continued)**

**SNSA RN Hours/100,000 Total Hours**



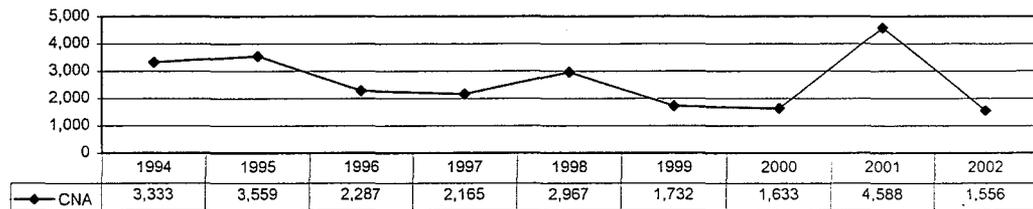
SNSA RN Hours	40,060	14,924	24,799	23,264	5,321	5,308	4,113	74,453	43,009
SNSA % Change		-62.7%	66.2%	-6.2%	-77.1%	-0.2%	-22.5%	1710.2%	-42.2%
Total RN Hours	3,808,834	3,399,505	2,520,526	1,931,957	669,199	458,976	360,620	2,769,966	2,747,573

**SNSA LPN Hours/100,000 Total Hours**



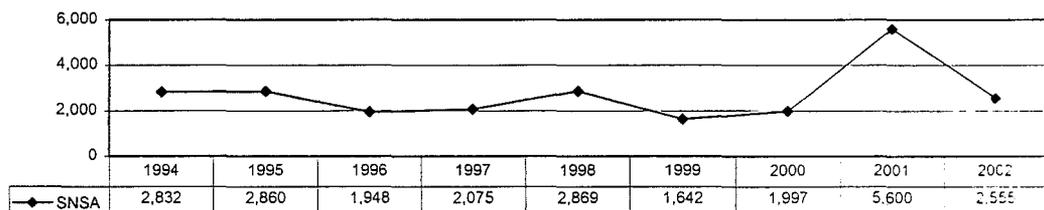
SNSA LPN Hours	106,755	92,523	44,827	53,016	36,100	11,487	20,719	439,251	293,223
SNSA % Change		-13.3%	-51.6%	18.3%	-31.9%	-68.2%	80.4%	2020.0%	-33.2%
Total LPN Hours	4,118,507	3,393,971	2,593,473	2,050,154	864,069	672,627	587,976	4,151,485	5,392,654

**SNSA CNA Hours/100,000 Total Hours**



SNSA CNA Hours	517,781	442,606	202,745	151,989	78,075	34,014	26,358	571,479	199,604
SNSA % Change		-14.5%	-54.2%	-25.0%	-48.6%	-56.4%	-22.5%	2068.1%	-65.1%
Total CNA Hours	15,536,725	12,437,068	8,866,649	7,020,302	2,631,643	1,963,422	1,614,247	12,455,191	12,827,827

**SNSA Hours/100,000 Total Hours**

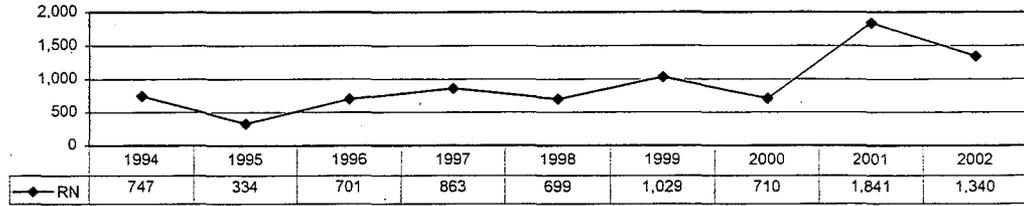


SNSA RN, LPN, CNA Hours	664,596	550,053	272,371	228,269	119,496	50,809	51,190	1,085,183	535,836
SNSA % Change		-17.2%	-50.5%	-16.2%	-47.7%	-57.5%	0.7%	2019.9%	-50.6%
Total RN, LPN, CNA Hours	23,464,066	19,230,544	13,980,648	11,002,413	4,164,911	3,095,025	2,562,843	19,376,642	20,968,054

SNSA Hours Compared to Total Hours  
All Facilities (statewide)

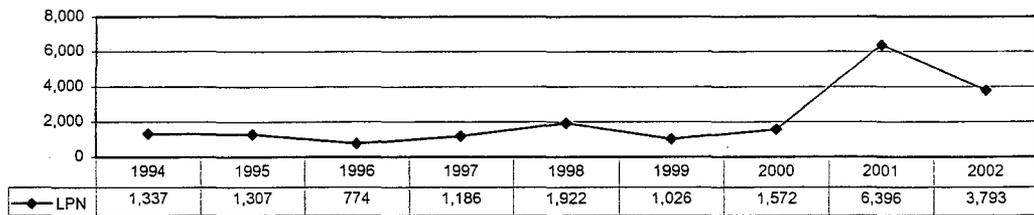
Table 5 (continued)

SNSA RN Hours/100,000 Total Hours



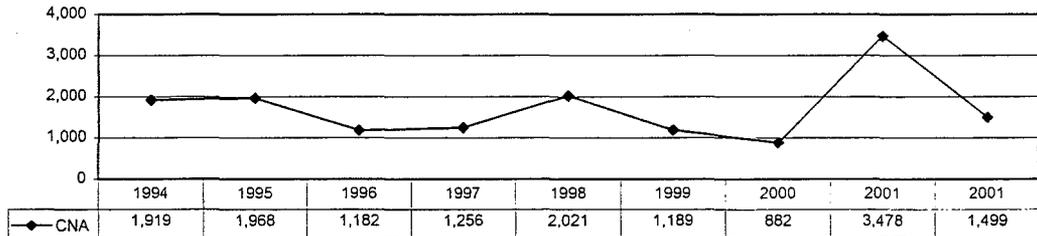
SNSA RN Hours	42,596	17,615	28,236	27,582	10,200	10,788	6,043	93,517	68,626
SNSA % Change		-58.6%	60.3%	-2.3%	-63.0%	5.8%	-44.0%	1447.5%	-26.6%
Total RN Hours	5,704,622	5,277,492	4,029,292	3,196,303	1,459,202	1,047,896	851,625	5,079,041	5,119,614

SNSA LPN Hours/100,000 Total Hours



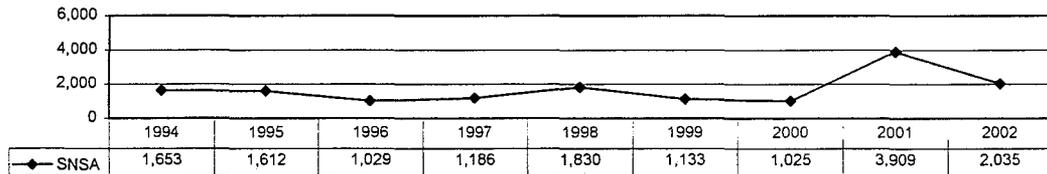
SNSA LPN Hours	109,736	96,498	45,100	55,608	47,252	20,393	27,120	545,900	385,496
SNSA % Change		-12.1%	-53.3%	23.3%	-15.0%	-56.8%	33.0%	1912.9%	-29.4%
Total LPN Hours	8,208,481	7,384,237	5,824,557	4,689,586	2,458,790	1,988,317	1,724,925	8,535,557	10,163,151

SNSA CNA Hours/100,000 Total Hours



SNSA CNA Hours	560,790	495,962	216,763	185,349	149,985	67,947	41,451	865,738	400,362
SNSA % Change		-11.6%	-56.3%	-14.5%	-19.1%	-54.7%	-39.0%	1988.6%	-53.8%
Total CNA Hours	29,217,652	25,194,934	18,332,243	14,761,502	7,419,897	5,714,447	4,700,853	24,895,113	26,710,612

SNSA Hours/100,000 Total Hours

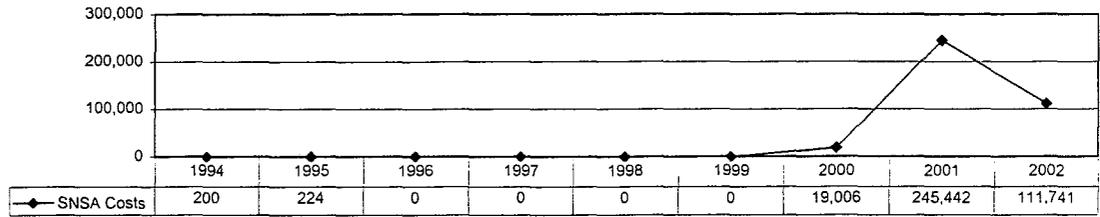


SNSA RN, LPN, CNA Hours	713,122	610,075	290,099	268,539	207,437	99,128	74,614	1,505,155	854,484
SNSA % Change		-14.5%	-52.4%	-7.4%	-22.8%	-52.2%	-24.7%	1917.3%	-43.2%
Total RN, LPN, CNA Hours	43,130,755	37,856,663	28,186,092	22,647,391	11,337,889	8,750,660	7,277,403	38,509,711	41,993,377

Actual Costs of Supplemental Nursing Services  
Rural (group one) Facilities

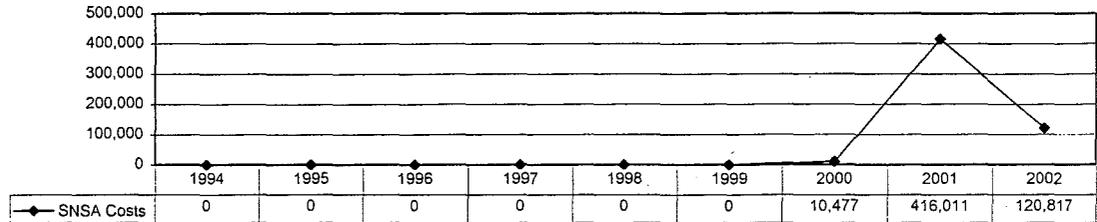
Table 6

SNSA RN Costs



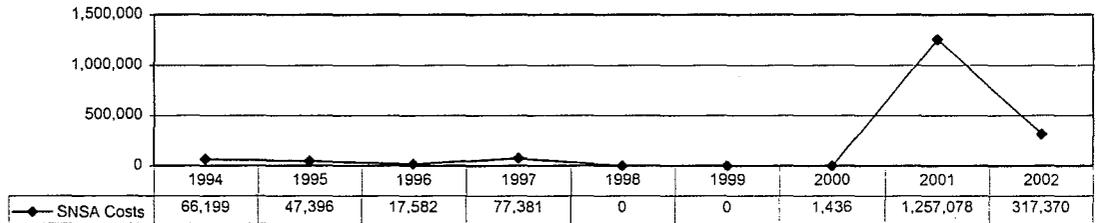
SNSA \$ Cost Change		24	-224	0	0	0	19,006	226,436	-133,701
SNSA % Change		12.0%	-100.0%					1191.4%	-54.5%

SNSA LPN Costs



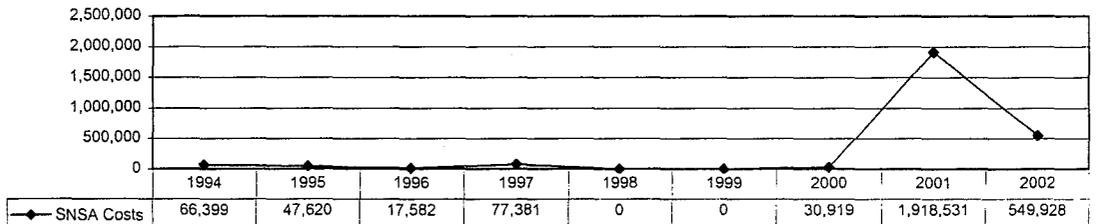
SNSA \$ Cost Change		0	0	0	0	0	10,477	405,534	-295,194
SNSA % Change								3870.7%	-71.0%

SNSA CNA Costs



SNSA \$ Cost Change		-18,803	-29,814	59,799	-77,381	0	1,436	1,255,642	-939,708
SNSA % Change		-28.4%	-62.9%	340.1%	-100.0%			87440.3%	-74.8%

Group One SNSA Costs

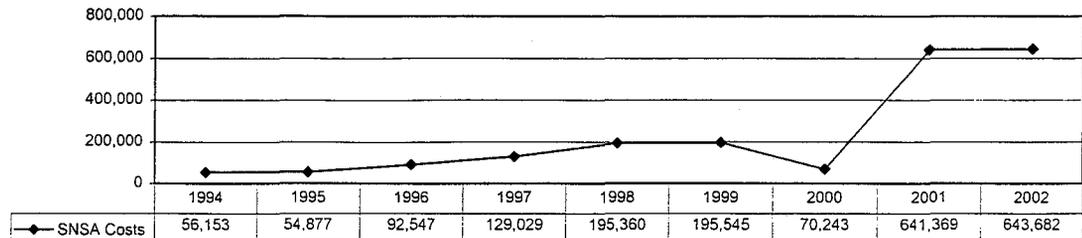


SNSA \$ Cost Change		-18,779	-30,038	59,799	-77,381	0	30,919	1,887,612	-1,368,603
SNSA % Change		-28.3%	-63.1%	340.1%	-100.0%			6105.0%	-71.3%

Actual Costs of Supplemental Nursing Services  
Semi-rural (group two) Facilities

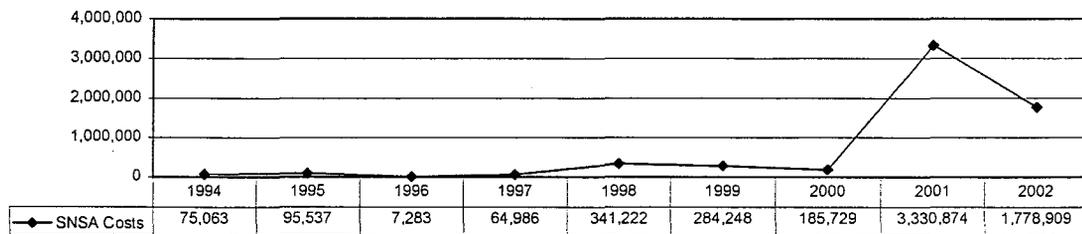
Table 6 (continued)

SNSA RN Costs



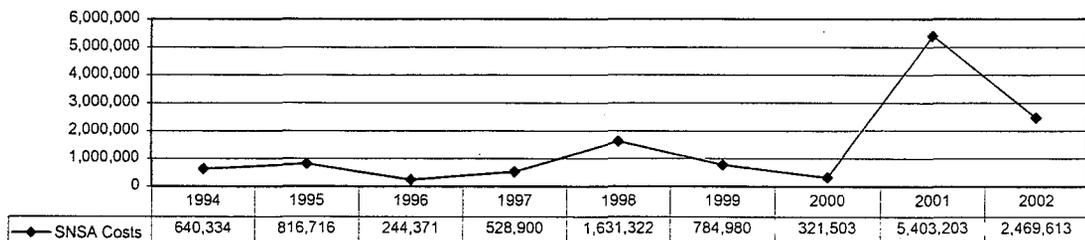
SNSA \$ Cost Change		-1,276	37,670	36,482	66,331	185	-125,302	571,126	2,313
SNSA % Change		-2.3%	68.6%	39.4%	51.4%	0.1%	-64.1%	813.1%	0.4%

SNSA LPN Costs



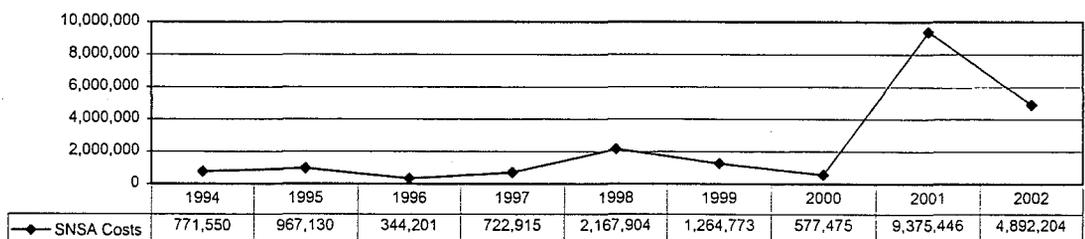
SNSA \$ Cost Change		20,474	-88,254	57,703	276,236	-56,974	-98,519	3,145,145	-1,551,965
SNSA % Change		27.3%	-92.4%	792.3%	425.1%	-16.7%	-34.7%	1693.4%	-46.6%

SNSA CNA Costs



SNSA \$ Cost Change		176,382	-572,345	284,529	1,102,422	-846,342	-463,477	5,081,700	-2,933,590
SNSA % Change		27.5%	-70.1%	116.4%	208.4%	-51.9%	-59.0%	1580.6%	-54.3%

Group Two SNSA Costs

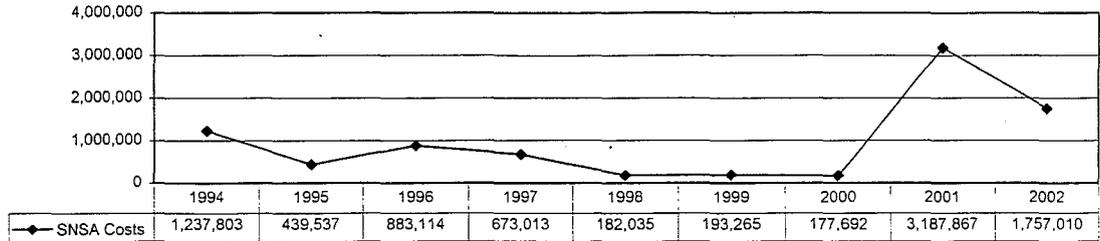


SNSA \$ Cost Change		195,580	-622,929	378,714	1,444,989	-903,131	-687,298	8,797,971	-4,483,242
SNSA % Change		25.3%	-64.4%	110.0%	199.9%	-41.7%	-54.3%	1523.5%	-47.8%

Actual Costs of Supplemental Nursing Services  
Metro (group three) Facilities

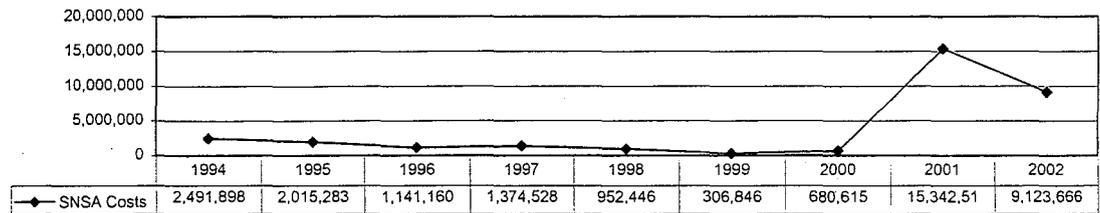
Table 6 (continued)

SNSA RN Costs



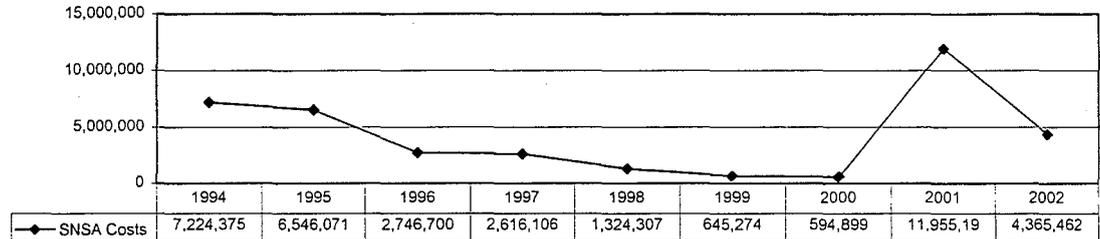
SNSA \$ Cost Change	-798,266	443,577	-210,101	-490,978	11,230	-15,573	3,010,175	-1,430,857
SNSA % Change	-64.5%	100.9%	-23.8%	-73.0%	6.2%	-8.1%	1694.0%	-44.9%

SNSA LPN Costs



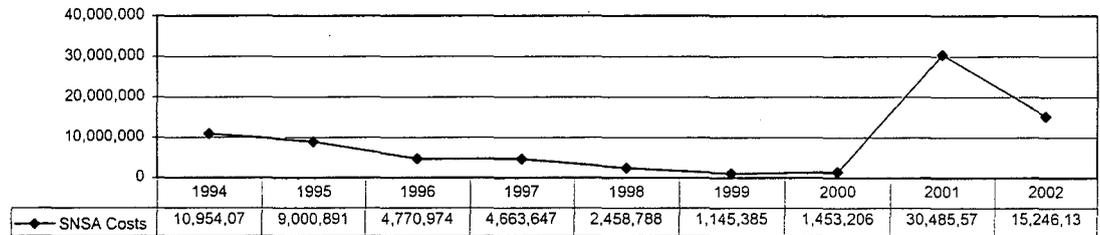
SNSA \$ Cost Change	-476,615	-874,123	233,368	-422,082	-645,600	373,769	14,661,903	-6,218,852
SNSA % Change	-19.1%	-43.4%	20.5%	-30.7%	-67.8%	121.8%	2154.2%	-40.5%

SNSA CNA Costs



SNSA \$ Cost Change	-678,304	-3,799,371	-130,594	-1,291,799	-679,033	-50,375	11,360,295	-7,589,732
SNSA % Change	-9.4%	-58.0%	-4.8%	-49.4%	-51.3%	-7.8%	1909.6%	-63.5%

Group Three SNSA Costs

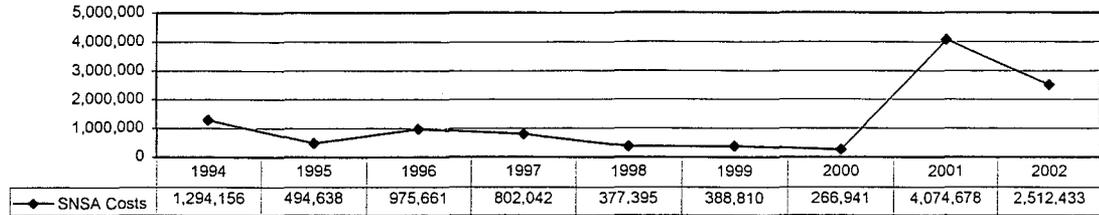


SNSA \$ Cost Change	-1,953,185	-4,229,917	-107,327	-2,204,859	-1,313,403	307,821	29,032,373	-15,239,441
SNSA % Change	-17.8%	-47.0%	-2.2%	-47.3%	-53.4%	26.9%	1997.8%	-50.0%

Actual Costs of Supplemental Nursing Services  
All Facilities (statewide)

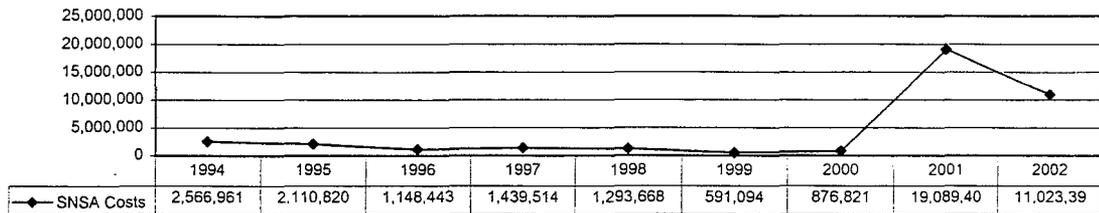
Table 6 (continued)

SNSA RN Costs



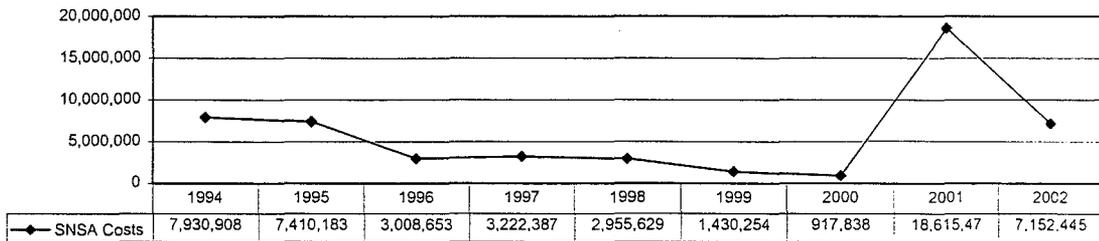
SNSA \$ Cost Change	-799,518	481,023	-173,619	-424,647	11,415	-121,869	3,807,737	-1,562,245
SNSA % Change	-61.8%	97.2%	-17.8%	-52.9%	3.0%	-31.3%	1426.4%	-38.3%

SNSA LPN Costs



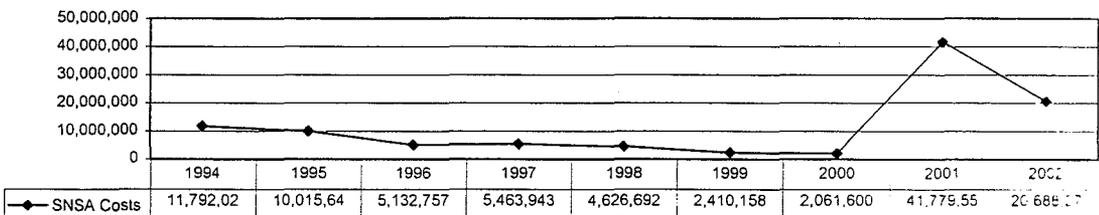
SNSA \$ Cost Change	-456,141	-962,377	291,071	-145,846	-702,574	285,727	18,212,582	-8,066,010
SNSA % Change	-17.8%	-45.6%	25.3%	-10.1%	-54.3%	48.3%	2077.1%	-42.3%

SNSA CNA Costs



SNSA \$ Cost Change	-520,725	-4,401,530	213,734	-266,758	-1,525,375	-512,416	17,697,637	-11,463,030
SNSA % Change	-6.6%	-59.4%	7.1%	-8.3%	-51.6%	-35.8%	1928.2%	-61.6%

Statewide SNSA Costs



SNSA \$ Cost Change	-1,776,384	-4,882,884	331,186	-837,251	-2,216,534	-348,558	39,717,956	-21,091,286
SNSA % Change	-15.1%	-48.8%	6.5%	-15.3%	-47.9%	-14.5%	1926.6%	-50.5%

