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State of Minnesota

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HOUSE OF REPRESENTATIVES

EIGHTY-SIXTH SESSION

HOUSE FILE No. 1565

March 12, 2009

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The bill was read for the first time and referred to the Committee on Health Care and Human Services Policy and Oversight

March 23, 2009

Committee Recommendation and Adoption of Report:

To Pass and re-referred to the Committee on Finance

May 6, 2009

Committee Recommendation and Adoption of Report:

To Pass as Amended

Read Second Time

1.1 A bill for an act
1.2 relating to health; consolidating and relocating nursing facility beds to a new site
1.3 in Goodhue County; amending Minnesota Statutes 2008, section 144A.071,
1.4 subdivision 4c.

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

1.6 Section 1. Minnesota Statutes 2008, section 144A.071, subdivision 4c, is amended to
1.7 read:

1.8 Subd. 4c. Exceptions for replacement beds after June 30, 2003. (a) The
1.9 commissioner of health, in coordination with the commissioner of human services, may
1.10 approve the renovation, replacement, upgrading, or relocation of a nursing home or
1.11 boarding care home, under the following conditions:

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

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

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

2.1 (3) to license and certify a new 60-bed facility in Austin, provided that: (i) 45 of
2.2 the new beds are transferred from a 45-bed facility in Austin under common ownership
2.3 that is closed and 15 of the new beds are transferred from a 182-bed facility in Albert Lea
2.4 under common ownership; (ii) the commissioner of human services is authorized by the
2.5 2004 legislature to negotiate budget-neutral planned nursing facility closures; and (iii)
2.6 money is available from planned closures of facilities under common ownership to make
2.7 implementation of this clause budget-neutral to the state. The bed capacity of the Albert
2.8 Lea facility shall be reduced to 167 beds following the transfer. Of the 60 beds at the
2.9 new facility, 20 beds shall be used for a special care unit for persons with Alzheimer's
2.10 disease or related dementias;

2.11 (4) to license and certify up to 80 beds transferred from an existing state-owned
2.12 nursing facility in Cass County to a new facility located on the grounds of the
2.13 Ah-Gwah-Ching campus. The operating cost payment rates for the new facility shall be
2.14 determined based on the interim and settle-up payment provisions of Minnesota Rules,
2.15 part 9549.0057, and the reimbursement provisions of section 256B.431. The property
2.16 payment rate for the first three years of operation shall be \$35 per day. For subsequent
2.17 years, the property payment rate of \$35 per day shall be adjusted for inflation as provided
2.18 in section 256B.434, subdivision 4, paragraph (c), as long as the facility has a contract
2.19 under section 256B.434; ~~and~~

2.20 (5) to initiate a pilot program to license and certify up to 80 beds transferred from
2.21 an existing county-owned nursing facility in Steele County relocated to the site of a new
2.22 acute care facility as part of the county's Communities for a Lifetime comprehensive plan
2.23 to create innovative responses to the aging of its population. Upon relocation to the new
2.24 site, the nursing facility shall delicense 28 beds. The property payment rate for the first
2.25 three years of operation of the new facility shall be increased by an amount as calculated
2.26 according to items (i) to (v):

2.27 (i) compute the estimated decrease in medical assistance residents served by the
2.28 nursing facility by multiplying the decrease in licensed beds by the historical percentage
2.29 of medical assistance resident days;

2.30 (ii) compute the annual savings to the medical assistance program from the
2.31 delicensure of 28 beds by multiplying the anticipated decrease in medical assistance
2.32 residents, determined in item (i), by the existing facility's weighted average payment rate
2.33 multiplied by 365;

2.34 (iii) compute the anticipated annual costs for community-based services by
2.35 multiplying the anticipated decrease in medical assistance residents served by the nursing

3.1 facility, determined in item (i), by the average monthly elderly waiver service costs for
3.2 individuals in Steele County multiplied by 12;

3.3 (iv) subtract the amount in item (iii) from the amount in item (ii);

3.4 (v) divide the amount in item (iv) by an amount equal to the relocated nursing
3.5 facility's occupancy factor under section 256B.431, subdivision 3f, paragraph (c),
3.6 multiplied by the historical percentage of medical assistance resident days. For subsequent
3.7 years, the adjusted property payment rate shall be adjusted for inflation as provided in
3.8 section 256B.434, subdivision 4, paragraph (c), as long as the facility has a contract under
3.9 section 256B.434; and

3.10 (6) to consolidate and relocate nursing facility beds to a new site in Goodhue County
3.11 and to integrate these services with other community-based programs and services under a
3.12 communities for a lifetime pilot program and comprehensive plan to create innovative
3.13 responses to the aging of its population. Eighty beds in the city of Red Wing shall be
3.14 transferred from the downsizing and relocation of an existing 84-bed, hospital-owned
3.15 nursing facility and the entire closure or downsizing of beds from a 65-bed nonprofit
3.16 nursing facility in the community resulting in the delicensure of 69 beds in the two
3.17 existing facilities. Notwithstanding the carryforward of the approval authority in section
3.18 144A.073, subdivision 11, the funding approved in April 2009 by the commissioner of
3.19 health for a project in Goodhue County shall not carry forward. The closure of the 69 beds
3.20 shall not be eligible for a planned closure rate adjustment under section 256B.437. The
3.21 construction project permitted in this item shall not be eligible for a threshold project
3.22 rate adjustment under section 256B.434, subdivision 4f. The property payment rate for
3.23 the first three years of operation of the new facility shall be increased by an amount as
3.24 calculated according to items (i) to (vi):

3.25 (i) compute the estimated decrease in medical assistance residents served by both
3.26 nursing facilities by multiplying the difference between the occupied beds of the two
3.27 nursing facilities for the reporting year ended September 30, 2009, and the projected
3.28 occupancy of the facility at 95 percent occupancy by the historical percentage of medical
3.29 assistance resident days;

3.30 (ii) compute the annual savings to the medical assistance program from the
3.31 delicensure by multiplying the anticipated decrease in the medical assistance residents,
3.32 determined in item (i), by the hospital-owned nursing facility weighted average payment
3.33 rate multiplied by 365;

3.34 (iii) compute the anticipated annual costs for community-based services by
3.35 multiplying the anticipated decrease in medical assistance residents served by the

4.1 facilities, determined in item (i), by the average monthly elderly waiver service costs for
4.2 individuals in Goodhue County multiplied by 12;
4.3 (iv) subtract the amount in item (iii) from the amount in item (ii);
4.4 (v) multiply the amount in item (iv) by 57 percent; and
4.5 (vi) divide the difference of the amount in item (iv) and the amount in item (v) by an
4.6 amount equal to the relocated nursing facility's occupancy factor under section 256B.431,
4.7 subdivision 3f, paragraph (c), multiplied by the historical percentage of medical assistance
4.8 resident days.

4.9 For subsequent years, the adjusted property payment rate shall be adjusted for
4.10 inflation as provided in section 256B.434, subdivision 4, paragraph (c), as long as the
4.11 facility has a contract under section 256B.434.

4.12 (b) Projects approved under this subdivision shall be treated in a manner equivalent
4.13 to projects approved under subdivision 4a.