Nursing Facilities
Value-Based Reimbursement Update Bill
HF500 and SF654

The Long-Term Care IMPERATIVE
A Minnesota Collaboration for Changes in Older Adult Services

Overview

Value-Based Reimbursement, which was approved by the Legislature in 2015, has led to significant investments in the nursing facility workforce and provides a tool to fund ongoing investments in a challenging labor market environment. Like many large pieces of legislation, the original legislation did not address all the complex issues involved in switching to an entirely new Medicaid payment system for nursing homes. Our bill is designed to address those outstanding issues and to strengthen the system to help it serve providers, their employees and customers employees well into the future.

Key Components of the Bill

- Preserve access to high quality nursing facility services throughout the state and provide funding necessary to meet workforce challenges.
- Address ambiguities in the existing law, and improve clarity and ease implementation for providers and the state.
- Strengthen key areas of the existing law to provide appropriate funding for nursing facility costs.

Specific Elements

- Clarify that nurse consultant costs are part of direct care and allow central office nurse consultants to be distributed evenly to all corporate locations, eliminating the incentive to use less efficient outside contracts
- Clarify definition of health insurance pass-through costs and specify that some health insurance costs (for part-time employee dependents and retirees) are part of other fringe benefits and not included in the pass-through
- Add needed detail about what fringe benefits are allowable costs for rate calculation
- Sunset minimum wage related increases tied to 2014 legislation, and allow ongoing increases for the direct cost of any minimum wage increases, including any occurring at the local level
- Reduce the likelihood of penalties occurring for late or failed submission of MDS data that is used to determine individual rates
- Coordinate all non-property project rate increases so that they occur either January 1 or July 1, which reduces the frequency of rate change notices for private pay residents
- Allow providers to change their practices on how single beds are treated (which impacts both payments from DHS and charges to private pay residents) at the start of a rate year
- Adjust APS language so that it provides inflation adjustments just to property rates starting January 1, 2018
- Allow the use of electronic signature (existing state law definition) for all signatures required under nursing home payment statute
- Redefine allowable bad debt to cover situations where private pay residents do not pay for their care, including cases where a transfer of assets results in delayed Medicaid eligibility
- In the scholarship program, remove the restriction on student loan expense reimbursement that nurses have to be “newly hired and recently graduated”
- Require DHS reports on the impact of VBR on an ongoing biennial basis
- Suspend critical access nursing facility program for two more years
- Updating statute for other DHS administrative activities.