

Nursing facility facts and figures

Background

The Minnesota Department of Human Services (DHS) and the Minnesota Department of Health (MDH) both have responsibilities for nursing facilities. DHS purchases nursing facility services through the Medical Assistance program and is also responsible for developing and interpreting policy concerning nursing facility services, quality of care and payment rates. MDH is responsible for licensing and inspecting nursing facilities, certifying them for participation in the federal Medicare and Medicaid programs, investigating complaints about them and conducting resident assessments that are integral to quality measurement and rate setting. The departments co-sponsor the Nursing Home Report Card, at nhreportcard.dhs.mn.gov, which helps consumers compare quality of care in nursing facilities across the state.

What services are covered in nursing facilities?

Nursing facility services are bundled into a comprehensive package of room, board and nursing services. The package does not include costs for medication or such services as hospitalization, physician services, physical therapy, occupational therapy or speech therapy.

How is a person admitted to a nursing facility?

Anyone seeking admission to a Medicaid-certified nursing facility must be assessed to determine if they need nursing facility level of care. The pre-admission assessment can be arranged by contacting the county human services office in which the person resides.

How many nursing facilities and beds are there?

Minnesota had 367 licensed and Medicaid-certified nursing facilities with 28,279 beds either in use or available for use on Jan. 1, 2018. Of all Minnesota Medicaid-certified nursing facilities, 28.5 percent are for-profit, 62.2 percent are nonprofit and 9.2 percent are owned by a government entity. The occupancy rate of active beds for the year ending Sept. 30, 2016, was 85 percent.

How much does it cost and who pays?

- \$2.23 billion was spent on nursing facility care in Minnesota in the 12-month period ending Sept. 30, 2016. This includes state and federal dollars as well as private pay and funds from other sources.
- Funding sources vary. An estimated 25 percent of nursing facility resident days are paid for with personal income and savings. MA pays for 55 percent of nursing facility resident days in Minnesota. In certain circumstances, Medicare covers a limited number of days of nursing facility care. Medicare pays

for about 10 percent of nursing facility resident days in Minnesota. All other sources of payment, including insurance and payments from the Veterans Administration, amount to roughly 10 percent.

- Medical Assistance payments to nursing facilities in fiscal year 2016 totaled nearly \$808 million.
- Nursing facility rates differ across 50 case mix levels, which reflect differences in care needs. The statewide weighted average nursing facility daily rate was \$246.94 as of Jan. 1, 2018.

Who is served?

- As Minnesota has continued to emphasize home and community-based services for older adults, nursing facility utilization by people age 85 and older has declined from 36.4 percent in 1984 to 12.4 percent in 2015.
- Minnesota nursing facilities served an average of 24,724 people each day and a total of approximately 93,000 people during the year ending Sept. 30, 2016.

How are nursing facility rates set?

On Jan. 1, 2016, a new nursing facility payment system named “Value-Based Reimbursement” (VBR) went into effect. Nursing facility services are bundled into a comprehensive package and DHS establishes a daily rate for this package of services as a daily rate. Under VBR, these daily rates are updated every Jan. 1 for each nursing facility based on the individual nursing facility cost experience and their quality score.

While the cost of VBR is largely paid for by the state and federal governments, residents who have the ability to pay also have to pay the full cost of their care. Minnesota is one of the few states that has a rate equalization law. Under this law, nursing facilities must provide equal services to nursing facility residents, regardless of payer source, and cannot charge private paying residents more or less than the rate paid by the state under Medical Assistance. Third-party payers, including Medicare and long-term care insurance, and some single/private room rates are exempt from rate equalization.

While the rates charged to private pay residents cannot be different than the Medicaid rates, the rates for individual residents will vary based on the resident’s condition and the level of care needs. Under VBR each facility has a set of 50 different daily rates called Resource Utilization Groups (RUGs). More information about RUGs can be found on the Minnesota Department of Health website here:

<http://www.health.state.mn.us/divs/fpc/profinfo/cms/RUGIVindex.html>

On Jan. 1, 2018, the rates for most nursing facility rates increased as costs for caregiver wages and benefits and investments other costs during the year ending Sept. 30, 2016 were incorporated into daily rates. The amount of the 2018 rate increase varied by facility depending on resident needs, quality scores and costs experienced by each facility. Going forward, new payment rates will be established every Jan. 1. However, rates will not necessarily increase every Jan. 1 for every facility. A facility’s rates could remain the same or decrease based on spending patterns, resident care needs, quality scores or other factors.

In addition to the annual rate setting for all nursing facilities on Jan. 1, the rates at individual nursing facilities may change at other times during the year for a variety of reasons. Some reasons for other rate adjustments include completion of a construction project or creation of more single/private bedrooms. Most of these types of rate changes will be effective on either Jan. 1 or July 1.

For more information about nursing facilities, contact the Nursing Facility Rates and Policy Division at 651-431-2282.

For accessible formats of this publication or assistance with additional equal access to human services, write to DHS.info@state.mn.us, call 651-431-2280, toll-free 800-747-5484, or use your preferred relay service.