



Nursing facility rate increase and quality add-on proposal

Issue:

- Most nursing facilities have not received rate increases over the last several years.
- The quality of services provided by long-term care providers is an ongoing concern, both in institutional settings and in home and community-based settings. As a purchaser of nursing home care, the department has an obligation to the public to use that purchasing role to leverage quality.
- Experience demonstrates that publicly reporting performance and providing even a small payment incentive for performance leads to quality improvement.

Proposal:

- This proposal establishes a quality add-on of up to 2.6 percent to operating payment rates for nursing facilities beginning with the Oct. 1, 2013, rate year.
- The proposal also creates a general operating rate increase of 1.09 percent for rate years beginning Oct. 1, 2013, and Oct. 1, 2014.
- The amount of the quality add-on is based on performance across five quality measures.
- Quality add-on rate adjustments will recognize achieved quality improvements and provide resources for further quality improvements. Quality add-on rate increases for the Oct. 1, 2013, and 2014 rate years will become part of the base rate for the facilities.

Number of facilities affected:

- All 376 facilities will receive the rate increases in October 2013 and October 2014. Facilities demonstrating quality performance will receive the quality rate add-on.

Fiscal impact:

- FY 2014: \$5.63 million
- FY 2015: \$13.98 million
- FY 2016: \$22.05 million
- FY 2017: \$30.35 million

Related information:

- Minnesota Management & Budget website: <http://www.mmb.state.mn.us/>
- Statutory references: 256B.441; 256.431; adds new subdivision
- DHS Nursing Facility Rates and Policy Web pages: www.dhs.state.mn.us/main/id_000268

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