



Bulletin

NUMBER

#14-62-02

DATE

July 23, 2014

OF INTEREST TO

County Directors
Social Services Supervisors
and Staff
Nursing Facility Owners
Nursing Facility
Administrators

ACTION/DUE DATE

Please read

EXPIRATION DATE

July 23, 2016

DHS Adjusts Nursing Home Property Limitations and Dollar Thresholds in 2014

TOPIC

2014 adjustments to limitations and dollar thresholds used in nursing facility property rate calculations

PURPOSE

To announce property-related limitations and dollar thresholds for investment per bed limit, moratorium exceptions, and alternative payment system property rate inflation index for nursing facilities in 2014

CONTACT

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SIGNED

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Assistant Commissioner
Continuing Care

TERMINOLOGY NOTICE

The terminology used to describe people we serve has changed over time. The Minnesota Department of Human Services (DHS) supports the use of "People First" language.

I. Property Indices

Nursing facilities with contracts under the Alternative Payment System (APS) are allowed property rate adjustments for construction projects over the minimum threshold and under the maximum threshold and for projects approved under the moratorium exception process. Language defining the method and procedures for construction projects is found in Minnesota Statutes, section 256B.434, subdivision 4f. One of the procedures is to annually compute the property index that will be applied to several of the property-related components.

The index used for the components listed below, which are necessary for determining a construction project rate adjustment, is the Price Index for Private Fixed Investments in Structures; Special Care published by the U.S. Bureau of Economic Analysis. The index of 5.18% for the October 1, 2014, rate year is the percentage change in the indices from the fourth quarter 2012 to the fourth quarter 2013.

A. Replacement-Cost-New limits

Minnesota Statutes, section 256B.431, subdivision 17e, has a set of Replacement-Cost-New limits for facilities that completed a construction project on or after July 1, 2001, and for total replacement projects completed after July 1, 1999. The limits for rates effective in the October 1, 2014, rate year are:

- Two or More Beds Per Room \$111,301
- Split-Double Rooms \$139,130
- Single Bedrooms \$166,953

These are last year's numbers of \$105,820; \$132,278; and \$158,731 increased by 5.18%.

B. Minimum, maximum and moratorium project threshold limit

Minnesota Statutes, section 256B.431 subdivision 15, paragraph (e) and subdivision 16 refer to the minimum value of assets a facility must add to have the additions considered a construction project under Minnesota Statutes, section 144A.071, subdivision 1a.

Minnesota Statutes, section 144A.071, subdivision 1, 2, and 4a refer to the maximum value of assets a facility can have recognized in rate setting for a construction project under Minnesota Statutes, section 144A.071, subdivision 1a., that is not an exception to the moratorium under Minnesota Statutes, section 144A.073.

Minnesota Statutes, section 144A.071, subdivision 2 defines the threshold for moratorium exception projects approved under Minnesota Statutes, section 144A.073.

The limits effective during the October 1, 2014, rate year are as follows:

- Minimum threshold \$298,353
- Maximum threshold \$1,526,480

These are last year's numbers of \$283,659 and \$1,451,303 increased by 5.18%.

C. Alternative Payment System Property Inflation Index

Minnesota Statutes, section 256B.434, subdivision 4, paragraph (c), normally allows for inflation to the property per diem for facilities reimbursed under the alternative payment system. The inflation for property payment rates is suspended by legislative action for the rate year beginning October 1, 2014.

Americans with Disabilities Act (ADA) Advisory

This information is available in accessible formats for people with disabilities by calling (651) 431-2281 (voice) or by using your preferred relay service. For other information on disability rights and protections, contact the agency's ADA coordinator.