

Subject Nursing facility and elderly waiver payment rates

Authors Schomacker and others

Analyst Danyell A. Punelli

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Overview

This bill modifies nursing facility payment rates by: (1) adding an inflationary factor to the calculation of: (i) direct care cost per standardized day; (ii) other care-related costs per resident day; (iii) other operating costs per day; and (iv) certain external fixed costs; and (2) adding a temporary rate adjustment for nursing home wage standards. The bill modifies elderly waiver payment rates by requiring the commissioner to annually update base wages, component rates, and the payroll taxes and benefits factor.

The medical assistance (MA) nursing facility payment rate is made up of five components, each of which reflects a different portion of a facility's costs. The total payment rate is the sum of all the facility's rate components. The five rate components are: (1) the direct care rate; (2) the other care-related rate; (3) the other operating rate; (4) the external fixed costs rate; and (5) the property rate.

MA elderly waiver provides home and community-based services for people who are over 65 years old and need the level of care provided in a nursing facility.

Summary

Section	Description
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1	External fixed costs.
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Amends §256R.02, subd. 19. Modifies the definition of "external fixed costs" in the chapter of statutes governing nursing facility payment rates by adding the rate adjustment for nursing home wage standards that is established later in this bill.

Makes this section effective January 1, 2026, or upon federal approval, whichever is later, and apply retroactively to the rate year beginning January 1, 2026. Requires the commissioner of human services to notify the revisor of statutes when federal approval is obtained.

Section	Description
2	<p data-bbox="318 264 667 296">Known cost change factor.</p> <p data-bbox="318 310 1398 380">Amends § 256R.02, by adding subd. 25b. Defines “known cost change factor” in the chapter of statutes governing nursing facility payment rates.</p> <p data-bbox="318 422 1398 569">Makes this section effective January 1, 2027, or upon federal approval, whichever occurs later, and apply retroactively to the rate year beginning January 1, 2027. Requires the commissioner of human services to inform the revisor of statutes when federal approval is obtained.</p>
3	<p data-bbox="318 611 1000 642">Calculation of direct care cost per standardized day.</p> <p data-bbox="318 657 1398 726">Amends § 256R.23, subd. 2. Modifies the calculation of nursing facility direct care cost per standardized day by adding an inflationary factor.</p> <p data-bbox="318 768 1398 915">Makes this section effective January 1, 2027, or upon federal approval, whichever occurs later, and apply retroactively to the rate year beginning January 1, 2027. Requires the commissioner of human services to inform the revisor of statutes when federal approval is obtained.</p>
4	<p data-bbox="318 957 1032 989">Calculation of other care-related cost per resident day.</p> <p data-bbox="318 1003 1398 1073">Amends § 256R.23, subd. 3. Modifies the calculation of other nursing facility care-related costs per resident day by adding an inflationary factor.</p> <p data-bbox="318 1115 1398 1262">Makes this section effective January 1, 2027, or upon federal approval, whichever occurs later, and apply retroactively to the rate year beginning January 1, 2027. Requires the commissioner of human services to inform the revisor of statutes when federal approval is obtained.</p>
5	<p data-bbox="318 1304 935 1335">Determination of other operating cost per day.</p> <p data-bbox="318 1350 1398 1419">Amends § 256R.24, subd. 1. Modifies the nursing facility determination of other operating costs per day by adding an inflationary factor.</p> <p data-bbox="318 1461 1398 1608">Makes this section effective January 1, 2027, or upon federal approval, whichever occurs later, and apply retroactively to the rate year beginning January 1, 2027. Requires the commissioner of human services to inform the revisor of statutes when federal approval is obtained.</p>
6	<p data-bbox="318 1650 764 1682">External fixed costs payment rate.</p> <p data-bbox="318 1696 1398 1881">Amends § 256R.25. Modifies the nursing facility external fixed costs payment rate by adding an inflationary factor to the portion related to employer health insurance costs and adds the portion related to the rate adjustment for nursing home wage standards. Specifies that the addition of the portion related to the rate adjustment for nursing home wage standards expires January 1, 2029.</p>

Section	Description
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Makes the addition of the portion related to the rate adjustment for nursing home wage standards effective January 1, 2026, or upon federal approval, whichever occurs later, and apply retroactively to the rate year beginning January 1, 2026. Makes the addition of the employer health insurance inflationary factor effective January 1, 2027, or upon federal approval, whichever occurs later, and apply retroactively to the rate year beginning January 1, 2027. Requires the commissioner of human services to inform the revisor of statutes when federal approval is obtained.

7 **Rate adjustment for nursing home wage standards.**

Creates §256R.495.

Subd. 1. Nursing facility rate adjustment. Provides a rate adjustment to pay for the nursing home wage standards promulgated by the Nursing Home Workforce Standards Board effective for rate years beginning January 1, 2026, and January 1, 2027. Requires each nursing facility reimbursed under the nursing facility payment rates chapter of statutes to report to the commissioner the wage rate for every employee and contracted employees below the minimum wage standards established by the board.

Subd. 2. Application for January 1, 2026, and January 1, 2027, rate adjustments. Requires a nursing facility to submit an application for each rate year in which the rate adjustment for nursing home wage standards is in effect to the commissioner in a form and manner determined by the commissioner. Specifies the data that must be included in the application and the due date for the application. Allows the commissioner to request additional information needed to determine the rate adjustment and to waive the deadlines for submission of applications and additional information under extraordinary circumstances. Specifies requirements that must be met for a nursing facility in which employees are represented by an exclusive bargaining representative.

Subd. 3. January 1, 2026, rate adjustment calculation. Establishes the calculation for the January 1, 2026, rate adjustment.

Subd. 4. January 1, 2027, rate adjustment calculation. Establishes the calculation for the January 1, 2027, rate adjustment.

Subd. 5. Rate adjustment timeline. For nursing facilities that receive approval of their application, specifies that the rate adjustment for the rate year beginning January 1, 2026, must continue to be included in the external fixed costs payment rate until January 1, 2028, and the rate adjustment for the rate year beginning January 1, 2027, must continue to be included in the external fixed costs payment rate until January 1, 2029.

Section	Description
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Subd. 6. Expiration. Makes this section expire January 1, 2029.

Makes this section effective July 1, 2025, or upon federal approval, whichever occurs later. Requires the commissioner of human services to notify the revisor of statutes when federal approval is obtained.

8 Establishing base wages.

Amends §256S.211, subd. 1. Updates the data used to establish base wages under the elderly waiver rate setting statute.

Makes this section effective January 1, 2026, or upon federal approval, whichever occurs later. Requires the commissioner of human services to notify the revisor of statutes when federal approval is obtained.

9 Updating rates.

Amends §256S.211, subd. 2. Requires the commissioner to update elderly waiver component rates and rates according to sections 256S.212 to 256S.215 on January 1, 2026, and annually thereafter.

Makes this section effective January 1, 2026, or upon federal approval, whichever occurs later. Requires the commissioner of human services to notify the revisor of statutes when federal approval is obtained.

10 Payroll taxes and benefits factor.

Amends § 256S.213, subd. 1. Requires the commissioner to update the payroll taxes and benefits factor each January 1.

Makes this section effective January 1, 2026, or upon federal approval, whichever occurs later. Requires the commissioner of human services to inform the revisor of statutes when federal approval is obtained.



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