DHS Adjusts Nursing Home Property Limitations and Dollar Thresholds in 2016

TOPIC
2016 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 effective October 1, 2016.

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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 0.49% effective October 1, 2016, is the percentage change in the indices from the average of the third and fourth quarter of 2014 to average of the third and fourth quarter of 2015.

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 effective October 1, 2016 are:

- Two or More Beds Per Room $114,687
- Split-Double Rooms $143,363
- Single Bedrooms $172,033

These are last year’s numbers of $114,128; $142,664; and $171,194 increased by 0.49%.

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 October 1, 2016 are as follows:

- Minimum threshold $307,430
- Maximum threshold $1,572,923

These are last year’s numbers of $305,931 and $1,565,253 increased by 0.49%.
C. Alternative Payment System Property Inflation Index

Minnesota Statutes, section 256B.434, subdivision 4, allows for inflation to the property per diem for facilities reimbursed under the alternative payment system. Under current law the inflation adjustment for property payment rates is suspended.

Americans with Disabilities Act (ADA) Advisory

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