

SF2480 - 0 - Nursing Home Workforce Stand. Bd. Rule Effective

Chief Author: **Sandra Pappas**
 Committee: **Human Services**
 Date Completed: **3/19/2025 1:52:15 PM**
 Agency: **Human Services Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact	X	

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	5	1	1,366	4,225	
Total	-	5	1	1,366	4,225	
Biennial Total			6		5,591	

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	-	-	-
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Kate Schiller **Date:** 3/19/2025 1:52:15 PM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	5	1	1,366	4,225	
Total		-	5	1	1,366	4,225
Biennial Total				6		5,591
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	5	1	1,366	4,225	
Total		-	5	1	1,366	4,225
Biennial Total				6		5,591
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	
Total		-	-	-	-	-
Biennial Total				-		-

Bill Description

This bill affirms the approval of the proposed standards from the Nursing Home Workforce Standards Board (NH WSB). The rules in question are Minnesota Rules, parts 5200.2060 to 5200.2090, relating to minimum wage floors in the industry that go into effect January 1, 2026, and January 1, 2027.

Assumptions

Effective Date: The first wage floor goes into effect January 1, 2026. A second wage floor would be effective January 1, 2027.

- The floor effective January 1, 2026, includes the following wage levels:
 - o \$27 an hour for Licensed Practical Nurses (LPNs)
 - o \$23.50 an hour for Trained Medication Aides (TMAs)
 - o \$22.50 an hour for Certified Nursing Assistants (CNAs)
 - o \$19 an hour for all other professions

- The floor effective January 1, 2027, includes the following wage levels:
 - o \$28.50 an hour for LPNs
 - o \$25 an hour for TMAs
 - o \$24 an hour for CNAs
 - o \$20.50 an hour for all other professions

Implementation Timing: Nursing facilities will incur costs starting on January 1, 2026. This means Medical Assistance and Private pay daily nursing facility payment rates will first be affected from dates of service on and after January 1, 2028, to January 1, 2029. The payments for nursing facility services lags the provision of services by one month, thus a 30-day payment delay factor was used in this fiscal note. There is no upfront rate increase in this language, meaning the State will not incur costs until January 1, 2028.

Programs Impacted: This bill will impact the rates for both private pay and Medical Assistance (Long-Term Care Facilities). Rates will increase compared to current law, effective January 1, 2028.

Rate Impact: The rate increase will be different per facility but will be on average for these three facilities an increase per resident day of \$1.68 for CY2028, and \$2.81 for CY2029.

Managed Care Rate Impact: There will be a fiscal impact to managed care rates in FY2028, and FY2029. These impacts

are noted in the final tracking below.

External Considerations: Federal approval is needed to implement this bill. There are federal and county fiscal impacts associated with this bill and these amounts are shown in the table below. The state share of is determined by amounts paid by these other governmental units. Over this budget horizon, state share is forecasted to be approximately 46.20% of the cost, with federal share at 52.65% and county/local share at 1.15%.

Administrative Costs: This bill can be implemented with the existing Department staff resources.

Systems Costs: There are a limited number of systems impacts to this bill. There will be a cost of \$5,000 state share in FY2026 and \$1,000 of costs ongoing in FY2027 and beyond.

Other Considerations: In accordance with current law, the Department used the current nursing facility payment system, Resource Utilization Groups Version IV (RUGS IV) in estimating this fiscal note and did not use the Patient-Driven Payment Model (PDPM). This bill does not match the assumptions in the Governor’s proposed budget, which captures an interactive effect to cap Value-Based Reimbursement (VBR) rates at two percent per year. This analysis was originally presented in April 2024 to the NH WSB and updated based upon the November 2024 and February 2025 Forecasts.

Expenditure and/or Revenue Formula

Based on February 2025 Forecast	FY 2026	FY 2027	FY 2028	FY 2029
Federal Share	52.76%	52.65%	52.65%	52.65%
State share	46.09%	46.20%	46.20%	46.20%
County Share	1.15%	1.15%	1.15%	1.15%
	100.00%	100.00%	100.00%	100.00%
FISCAL NOTE COMPUTATIONS				
Total Annual Costs	CY 2026	CY 2027	CY 2028	CY 2029
Wage costs				
Care Related Operating Increases	\$ -	\$ -	\$ 0.94	\$ 1.44
Other Operating Increases	\$ -	\$ -	\$ 0.74	\$ 1.37
Estimated Increase to Nursing Facility Daily Rate	\$ -	\$ -	\$ 1.68	\$ 2.81
February 2025 Forecast Days	3,810,289	3,804,755	3,819,757	3,824,019
Total Annual costs of Daily Rate Increase	\$ -	\$ -	\$ 6,423,184	\$ 10,734,020
30 Day enhanced rate at .40% of total payments	\$ -	\$ -	\$ 25,693	\$ 42,936
Private Room add-on at 4.63% total payments	\$ -	\$ -	\$ 297,393	\$ 496,985
Leave Day at .03 % of total payments	\$ -	\$ -	\$ 1,927	\$ 3,220
Costs of Increases to Daily Rate Add-ons	\$ -	\$ -	\$ 325,013	\$ 543,141
Total Annual costs	\$ -	\$ -	\$ 6,748,197	\$ 11,277,161
Total Annual Calendar Year Costs (in thousands)	\$ -	\$ -	\$ 6,748	\$ 11,277
Conversion to State Fiscal Year (SFY) in thousands				
	FY 2026	FY 2027	FY 2028	FY 2029
SFY payment delay	41.37%	41.37%	41.37%	41.37%
Cost of Daily Rate Increases Fee-for-service	\$ -	\$ -	\$ 2,792	\$ 8,622
Projected MA costs/(savings)	\$ -	\$ -	\$ 2,792	\$ 8,622
Federal share	\$ -	\$ -	\$ 1,470	\$ 4,539
State budget	\$ -	\$ -	\$ 1,290	\$ 3,984
County share	\$ -	\$ -	\$ 32	\$ 99
MA Grants (state budget) BACT 33 LF	\$ -	\$ -	\$ 1,290	\$ 3,984
Administrative Costs - IT Systems	\$ 10	\$ 2	\$ 2	\$ 2
FFP IT Systems	\$ (5)	\$ (1)	\$ (1)	\$ (1)
Total Costs/(Savings)	\$ 5	\$ 1	\$ 1,291	\$ 3,985

FMAP Percentage for FFS	52.76%	52.65%	52.65%	52.65%
County percentages of the total for FFS	1.15%	1.15%	1.15%	1.15%
Dollars (in thousands)	FY 2026	FY 2027	FY 2028	FY 2029
Expenditures				
Fund 1000	\$ 5	\$ 1	\$ 1,291	\$ 3,985

Fiscal Tracking Summary (\$000's)							
Fund	BACT	Description	FY2025	FY2026	FY2027	FY2028	FY2029
GF	33 LF	MA NF Pyment Sys Changes	0	0	0	1,290	3,984
GF	33	Elderly Managed Care Rates NF Add-on	0	0	0	75	240
GF	11	Systems	0	5	1	1	1
		Total Net Fiscal Impact	0	5	1	1,366	4,225
		Full Time Equivalent	0	0	0	0	0

Long-Term Fiscal Considerations

This bill will continue to impact Medicaid and Private Pay nursing facility rates beyond fiscal year 2029.

Local Fiscal Impact

There will be an estimated cost to counties in the amount of \$32,000 in fiscal year 2028 and \$99,000 in fiscal year 2029.

References/Sources

Agency Contact:

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