

Nursing Facility Medicaid Cost Report Data and Rate Setting *Minnesota*

July 10, 2025

Nursing Facility Medicaid Payment System

- Every year, new rates are established for each nursing facility on January 1
- Using a 12-month cost report that ended 15-months prior and is audited by DHS
- Nursing facility rates include:
 - Care-related rate (based on a nursing facility's reported costs)
 - Other Operating (a statewide price)
 - External Fixed (includes state surcharge, employer health insurance, quality programs etc.)
 - Property rate

Care-Related Rate

This component pays for nursing, social services, raw food and activities. It is calculated using the actual costs reported on the cost report by each facility.

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Other Operating Rate

This component pays for dietary staff, housekeeping, laundry, utilities and administrative costs such as property and liability insurance.

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External Fixed

- Health insurance costs
- Surcharge/provider tax
- MDH license and fees
- Family council
- Scholarships
- Bed closure incentives
- Single room incentives
- Real estate taxes, PILOT
- PERA
- QIIP, PIIP

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Property

- Building upkeep, new construction etc.

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New Rates

Nursing, Activities, & Social Services (Per Resident Day)

Salaries

- 6116 • Non-Licensed Nursing Administration
- 6211 • Social Workers
- 6212 • Activities Staff
- 6213 • Other Care Related Staff
- 6217 • Changes in Accrued Vacation/Sick Leave

Supplies and Consultants

- 6220 • Activity & Social Service Supplies
- 6176 • Health Care Consultants
- 6179 • Other Care Related Consultants

Therapy

- 6240 • Therapy Salaries
- 6245 • Changes in Accrued Vacation/Sick Leave Pay
- 6274 • Contracted Therapy Expenses
- 6251 • Supplies

Other

- 6280 • Other Nursing, Activities, & Social Services Expenses
- 6290 • Applicable Credits
- 6200 • Net Nursing, Activities, & Social Services Expenses

Payroll Taxes & Fringe Benefits

- 9011 • FICA (employer's share)
- 9012 • State & Federal Unemployment Taxes
- 9017 • Changes in Accrued Vacation/Sick Leave Pay
- 9023 • Other Employee Insurance
- 9024 • Worker's Compensation Insurance
- 9025 • Dental Insurance
- 9026 • Pension or Profit Sharing
- 9080 • Other Employee Benefits
- 9095 • Hospital-attached Expense Not Directly Ident
- 9000 • Net Payroll Taxes & Benefits

External Fixed Costs

- 7011 • Nursing Facility Surcharge
- 7012 • Real Estate Taxes
- 7014 • Special Assessments
- 7015 • MDH Nursing Facility License Fees
- 7017 • Scholarship Costs
- 7018 • PERA Contributions
- 7020 • Resident & Family Advisory Council Fees
- 9021 • Health Savings Account (HSA)
- 9022 • Group Medical Insurance

Depreciation Expense

- 7021 • Building & Service Equipment Improvements
- 7023 • Furniture &
- 7025 • Leasehold
- 7027 • Vehicle
- 7029 • Other

Interest Expense

- 7031 • Facility Capital Debt & Lease Interest Expense

Lease & Rental

- 7051 • Building (Short
- 7053 • Equipment (Short
- 7059 • Other (Short Term)
- 7095 • Hospital-attached Expense Not Directly
- 7000 • Total External Fixed, Depreciation, Interest, and Lease &

Nursing - (Per Standardized Day)

Salaries

- 6111 • Nursing Administration
- 6112 • Registered Nurses
- 6113 • Licensed Practical Nurses
- 6114 • Certified Nursing Assistants
- 6115 • Trained Medication Aides
- 6118 • Mental Health Workers

Pool Agency

- 6151 • Registered Nurses (Pool)
- 6152 • Licensed Practical Nurses (Pool)
- 6153 • Certified Nursing Assistants (Pool)
- 6154 • Trained Medication Aides (Pool)

Other Costs Adjusted Per Standardized Day

- 6260 • Salaries for Direct Care Staff Trainers
- 6261 • Non-Salary Training Costs
- 6120 • Nursing Supplies & Non-Prescription Drugs
- 6140 • Pharmacy Expense

General & Administrative Services

- 8013 • Administrative Salaries
- 8017 • Changes in Accrued Vacation/Sick Leave Pay
- 8048 • Professional Liability Insurance
- 8049 • Property Insurance
- 8050 • Net Working Capital Interest Expense
- 8052 • Bad Debt
- 8073 • Central Office Costs & Management Fees
- 8074 • Legal Fees
- 8080 • Other General & Administrative (Medicare allo
- 8085 • Other General & Administrative (Medicare non-
- 8090 • Applicable Credits
- 8095 • Hospital-attached Expense Not Directly Identifi
- 8000 • Net General & Administrative Expense

Dietary Services

- 6313 • Dietary Salaries
- 6317 • Changes in Accrued Vacation/Sick Leave Pay
- 6330 • Raw Food Expense
- 6380 • Other Dietary Expense
- 6390 • Applicable Credits
- 6395 • Hospital-attached Expense Not Directly Identified
- 6300 • Net Dietary Expenses

Laundry & Linen Services

- 6413 • Laundry & Linen Services Salaries
- 6417 • Changes in Accrued Vacation/Sick Leave Pay
- 6480 • Other Laundry & Linen Expenses
- 6490 • Applicable Credits
- 6495 • Hospital-attached Expense Not Directly Identified
- 6400 • Net Laundry & Linen Services

Housekeeping Services

- 6513 • Housekeeping Services Salaries
- 6517 • Changes in Accrued Vacation/Sick Leave Pay
- 6580 • Other Housekeeping Expenses
- 6590 • Applicable Credits
- 6595 • Hospital-attached Expense Not Directly Identified
- 6500 • Net Housekeeping Services

Plant Operations & Maintenance Services

- 6613 • Plant Operations & Maintenance Salaries
- 6617 • Changes in Accrued Vacation/Sick Leave Pay
- 6630 • Utilities
- 6680 • Other Maintenance Expenses
- 6690 • Applicable Credits
- 6695 • Hospital-attached Expense Not Directly Identified
- 6600 • Net Plant Operations & Maintenance Services

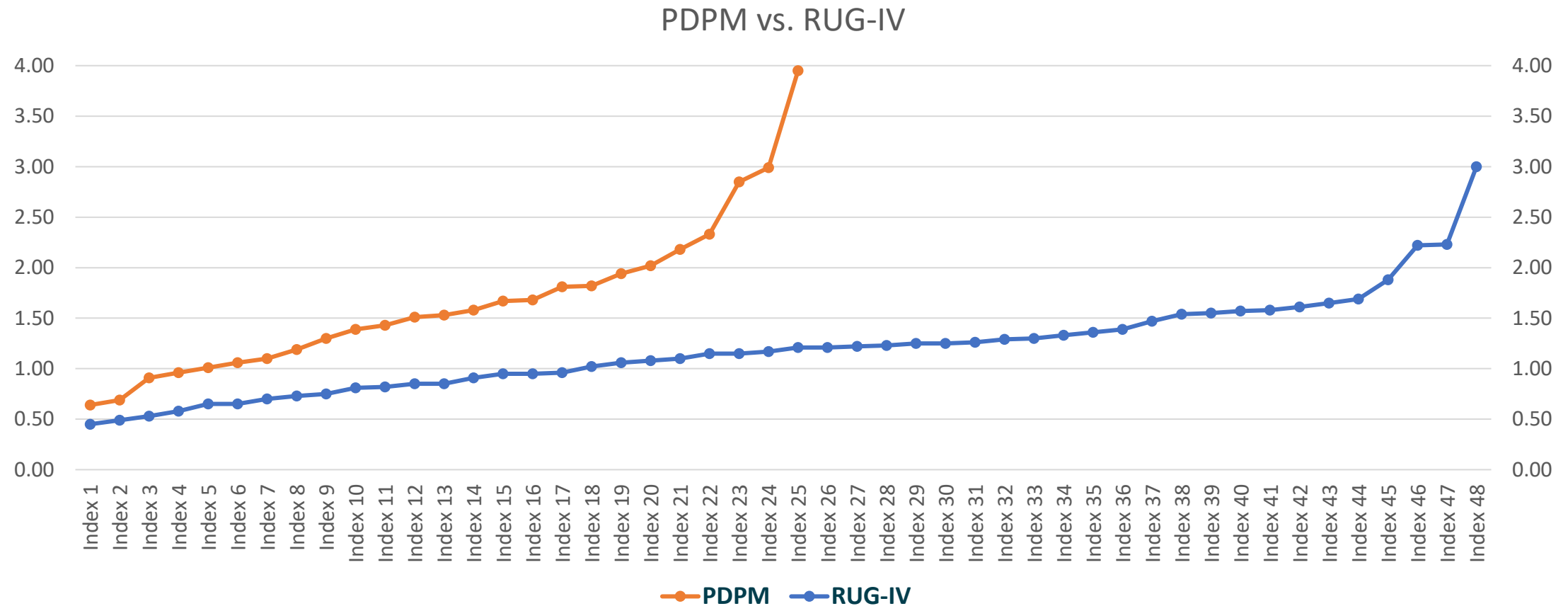
Direct Care Cost Per Diem is the facility's direct care costs divided by its standardized days (i.e. case mix adjusted days).

Nursing Administration
Registered Nurses
Licensed Practical
Nurses Certified Nursing Assistants
Trained Medication Aides
Registered Nurses (pool)
Licensed Practical Nurses (pool)
Certified Nursing Assistants (pool)
Trained Medication Aides (pool)
Salaries for Direct Care Staff Trainers
Non-Salary Training Costs
Nursing Supplies & Non-Prescription Drugs
Pharmacy Expense
Changes in Accrued Vacation/Sick Leave Pay
Other Nursing, Activities & Social Services Expenses
Applicable Credits
Net Payroll Taxes & Benefits
Nursing, Activities, Social Services, Therapy (Direct Identification of Payroll Taxes)
Nursing, Activities, Social Services, Therapy (Direct Identification of Fringe Benefits)

Other Care-Related Cost Per Diem is the other direct care costs divided by the facility's total resident days.

Non-Licensed Nursing Administration
Mental Health Workers
Social Workers
Activities Staff
Other Direct Care Staff
Activity & Social Service Supplies
Nursing Consultants
Other Direct Care Consultants
Therapy Salaries
Changes in Accrued Vacation/Sick Leave Pay
Contracted Therapy Expenses
Supplies
Raw Food Expense
Changes in Accrued Vacation/Sick Leave Pay
Other Nursing, Activities, & Social Services Expenses
Applicable Credits
Net Payroll Taxes & Benefits
Nursing, Activities, Social Services, Therapy (Direct Identification of Payroll Taxes)
Nursing, Activities, Social Services, Therapy (Direct Identification of Fringe Benefits)

Understanding Changes in Acuity When PDPM Nursing and RUG-IV Have No Relationship



New VBR Quality Scoring System

Long-Stay Residents (90 Points)

Quality of Life In-Person Resident Survey Results (40 points)
Family Satisfaction Mailed Survey Results (10 points)
Long-Stay Quality Indicator Score (40 points)

Short-Stay Residents (90 Points)

Resident Experience Mailed Survey Results (50 points)
Rate of Hospitalizations within 30 Days (30 points)
Score on Moderate to Severe Pain Short-Stay Quality Indicator (5 points)
Score on New or Worsening Pressure Sores Short-Stay Quality Indicator (5 points)

Total Quality Score (100 Points)

Blend of Long-Stay Resident Score
and Short-Stay Resident Score
based on % of Resident Days for
those who stayed under/over 30
days (90 points)

MDH Inspection Results (10
points)

Other Operating Cost Per Diem

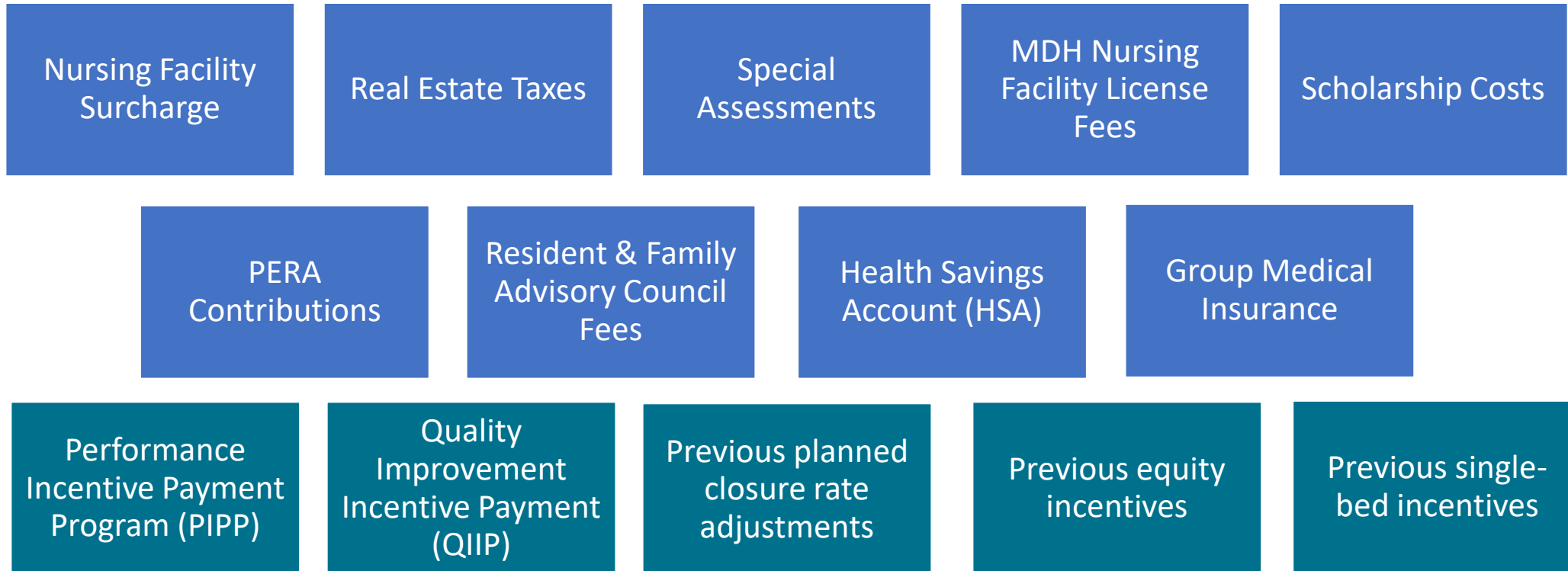
The Other Operating Cost Per Diem is the sum of a nursing facility's administrative, dietary, housekeeping, laundry, and maintenance and plant operations costs divided by each facility's total resident days.

Other operating costs includes salaries, payroll taxes, fringe benefits, and changes in accrued vacation & sick time for:

- Dietary Services
- Laundry & Linen Services
- Housekeeping Services
- Plant Operations & Maintenance Services
- General & Administrative Services

Other operating costs also includes:

- Utilities
- Professional Liability Insurance
- Property Insurance
- Net Working Capital Interest Expense
- Bad Debt
- Central Office Costs & Management Fees
- Legal Fees



External Fixed is Comprised of
Rate Passthroughs and Add-Ons

Non-Cost Data Collected



Nursing Facility Statistical and Cost Report

Report Year Ending: 9/30/2024 Provider ID: 867530999 Facility Name: Frostbite Falls NH

Employees & Hours

Direct Care Staff Retention

Line		Employed at Beginning of Report Year	Of Those Employed at Beginning, Still Employed at End of Report Year	Retention Rate
1619	Nursing Administration	2	2	1.00
1620	Registered Nurses	10	2	0.20
1625	Licensed Practical Nurses	9	4	0.44
1630	Certified Nursing Assistants	31	20	0.65
1632	Trained Medication Aides	0	0	0.00
1633	Medical Records	1	0	0.00
1635	Mental Health Workers	0	0	0.00
1636	Social Workers	1	1	1.00
1637	Activities Staff	7	6	0.86
1638	Other Care Related Staff	0	0	0.00

Your Care Related Staff Retention Rate is: 57.4%

Productive & Compensated Hours

Line	Care Related Hours	Productive Care Related Hours	Line	Compensated Care Related Hours	Reported Salary Cost per Compensated Hour
0301	Nursing Administration	6,262	0368	7,916	23.60
0302	Registered Nurses	5,458	0370	7,013	28.32
0303	Licensed Practical Nurses	9,952	0375	12,718	23.68
0304	Certified Nursing Assistants	42,408	0380	37,175	25.73
0305	Trained Medication Aides	3,541	0382	0	0.00
0321	Medical Records	2,289	0386	3,574	12.31
0306	Mental Health Workers	0	0384	0	0.00
0307	Social Workers	2,082	0330	2,080	35.59
0308	Activities Staff	7,902	0335	6,210	24.40
0312	Nursing Pool Registered Nurses	2,562			
0313	Nursing Pool Licensed Practical Nurses	7,327			
0314	Nursing Pool Certified Nursing Assistants	5,182			
0315	Nursing Pool Trained Medication Aides	70			
0316	Interim Nursing Administration	0	0385	0	
0320	Other Care Related Staff	0	0388	0	0.00
0325	Total Care Related Hours	95,035	0390	76,686	
Other Operating Hours					
0309	Dietary	19,718	0336	25,745	14.55
0310	Laundry & Linen	2,624	0337	3,344	11.49
0311	Housekeeping	5,114	0338	8,503	9.03
0317	Plant Operations & Maintenance	8,440	0344	6,681	29.60
0318	General & Administrative	8,492	0345	5,895	52.24
0319	Total Other Operating Hours	44,388	0346	50,168	

Temporary Staff Pool Usage Percentage: 19.79%

Care Related Case Mix Adjusted Staff Hours per Standardized Day: 6.840

Minnesota Department of Human Services

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Nursing Facility Statistical and Cost Report

Report Year Ending: 9/30/2024 Provider ID: 867530999 Facility Name: Frostbite Falls NH

Other Employee Information

Line		Full Time Employees	Part Time Employees
0401	Nursing Administration	2	0
0402	Registered Nurses	3	0
0403	Licensed Practical Nurses	4	0
0404	Certified Nursing Assistants	11	22
0405	Trained Medication Aides	0	0
0416	Medical Records	1	0
0406	Mental Health Workers	0	0
0407	Social Workers	1	0
0408	Activities Staff	2	5
0409	Other Care Related	0	0
0410	Dietary	7	9
0411	Housekeeping	1	4
0412	Laundry	1	0
0413	Maintenance	4	0
0414	Administration	4	0
0415	Total	41	40

Employee Insurance

0601	Did the nursing facility offer employee health insurance during the cost report period?	Yes
0602	How many employees were enrolled as of the last day of the report period?	26
0603	At any time during this cost report period, either for all or part of its health insurance plan, was this facility self-insured and/or did this facility use a captive/related organization for all or part of its health insurance plan?	Yes
0604	At any time during this cost report period was this facility self-insured and/or did this facility use a captive/related organization for all or part of its workers compensation plan?	No

Minnesota Department of Human Services

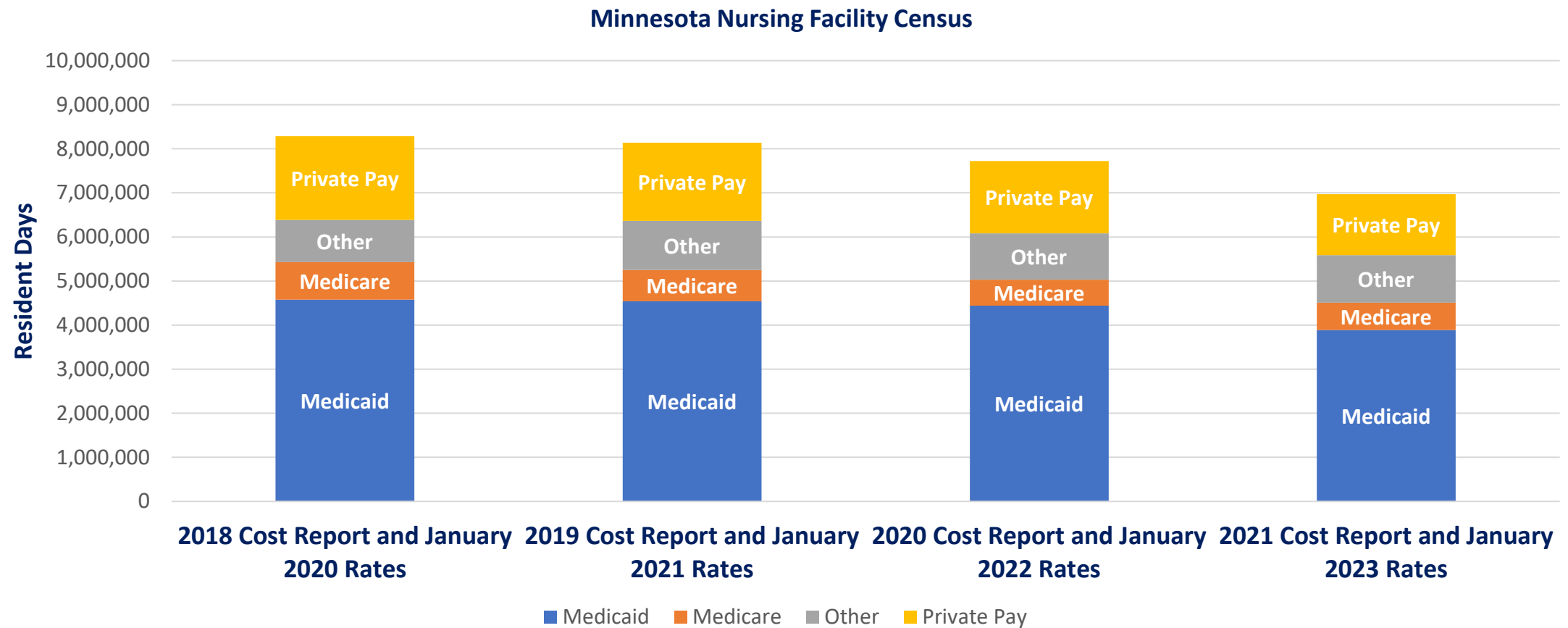
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Limitations of Cost Report Data

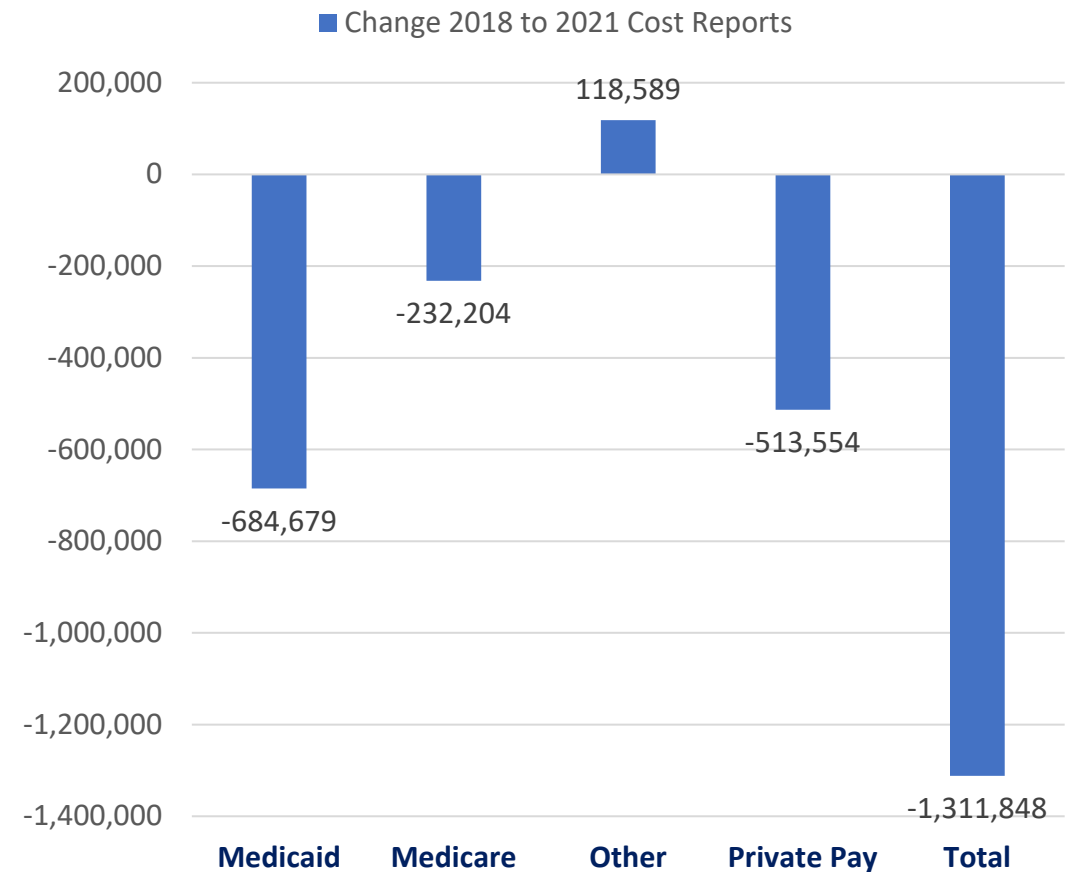
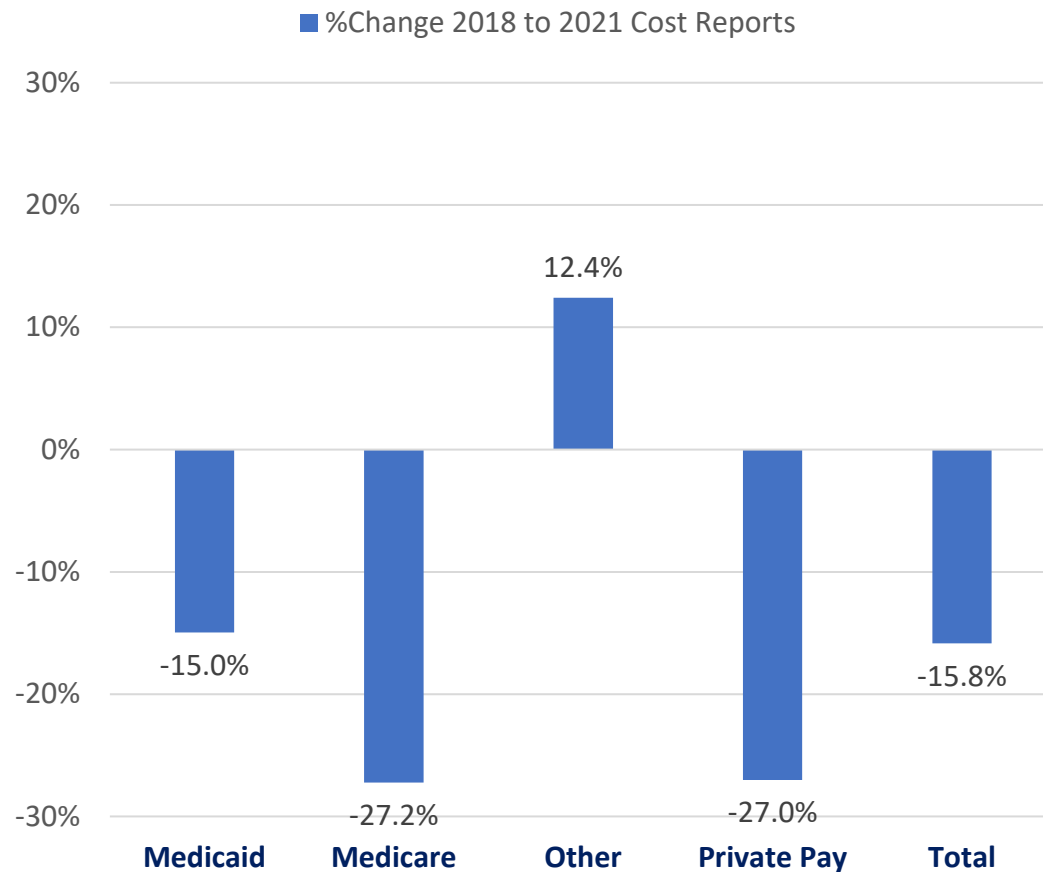
- Not Timely (available more than a year after report period ends)
- Cannot be used to determine wage rates (has total wage costs and hours but does not give wage rates because it includes overtime, differentials and bonuses)
- Has limited information on benefits like health insurance and retirement (employer costs are reported but no information on percent of employees enrolled or plan design)

Examples of Data Analysis, Measures

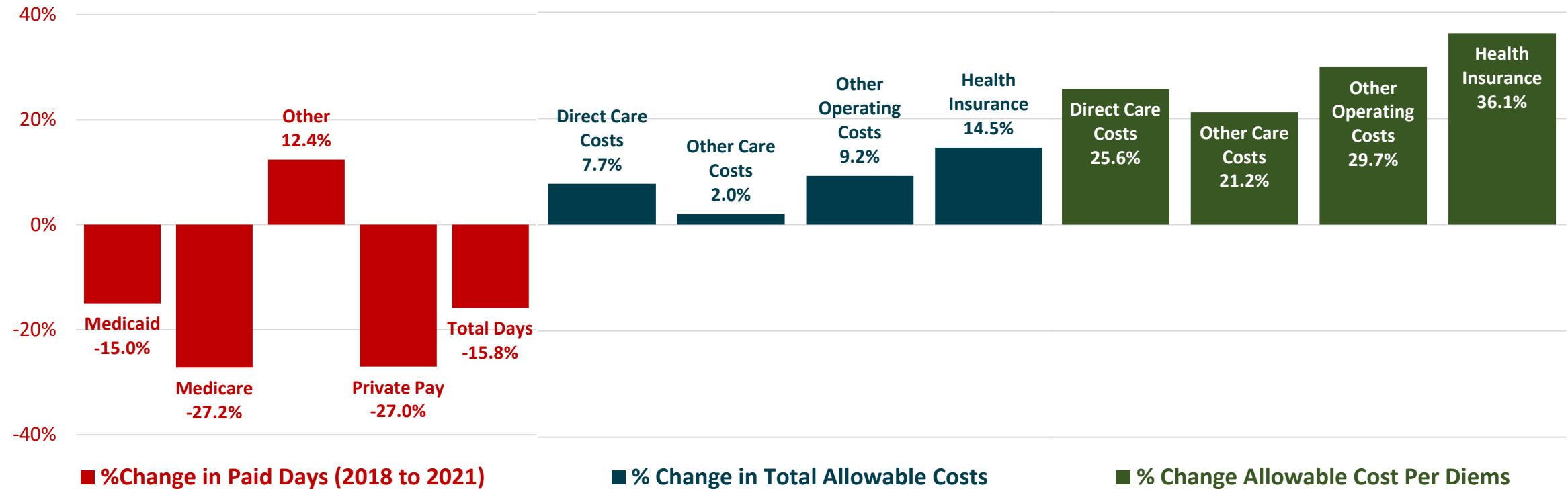
Minnesota Nursing Facility Census Decline Impacted Rate Setting



Between 2018 and 2021 Cost Reports Resident Days Decreased by 15.8% or 1,311,848

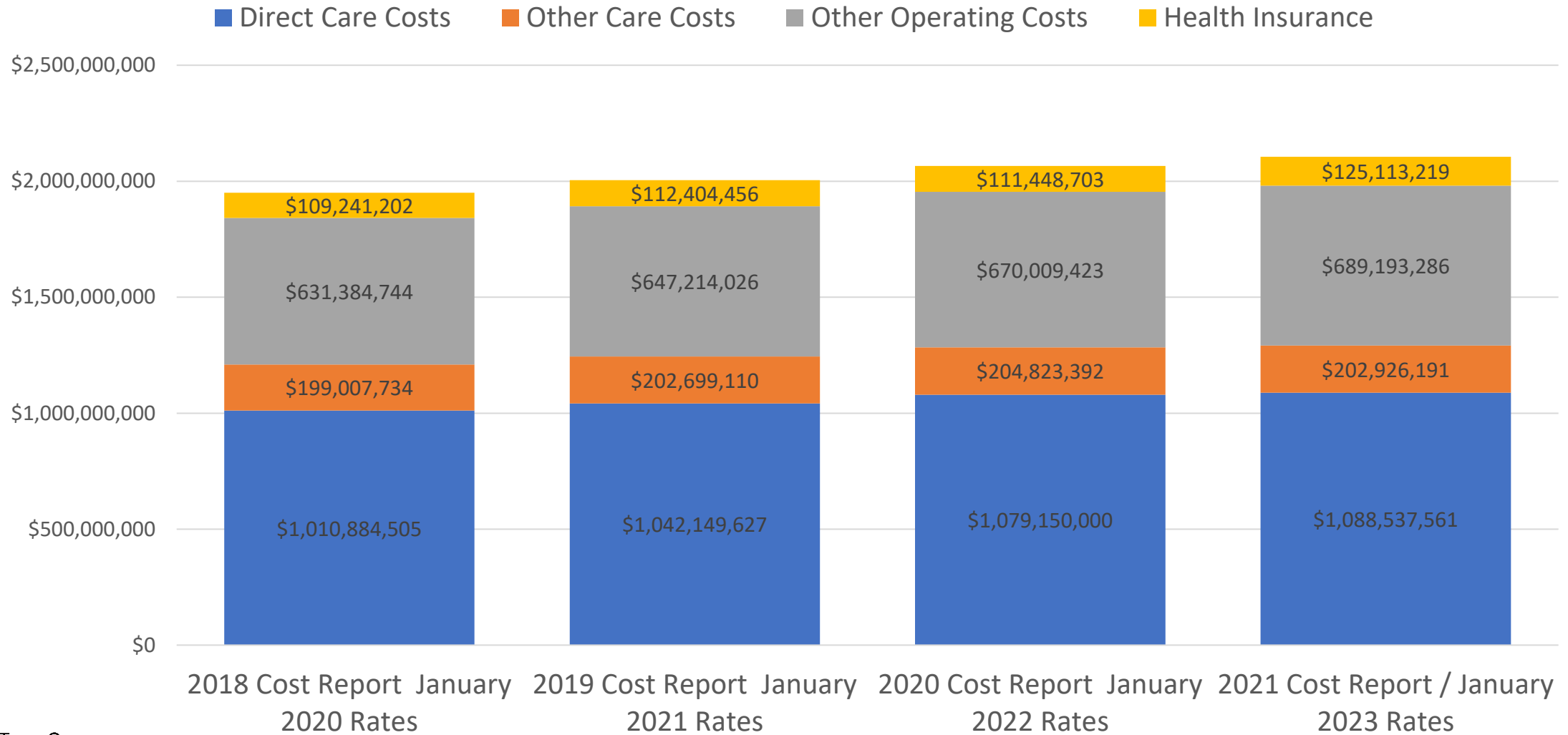


2018 and 2021 Cost Reports and Rate Years



Total Minnesota Nursing Facility Costs Increase Gradually

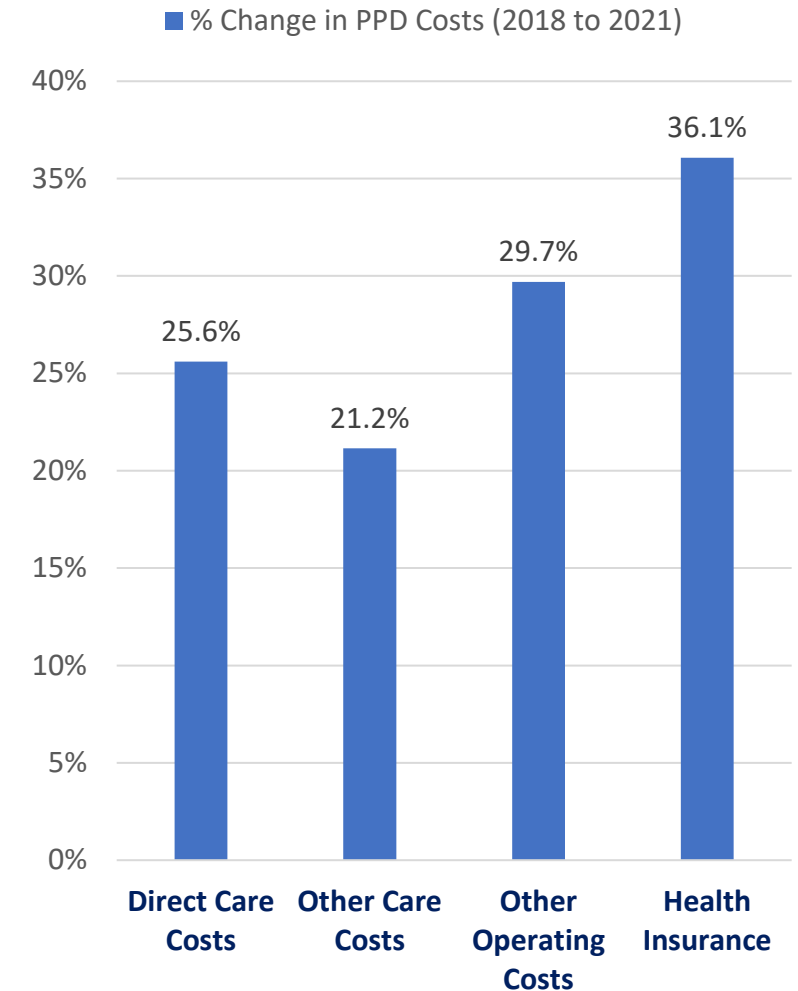
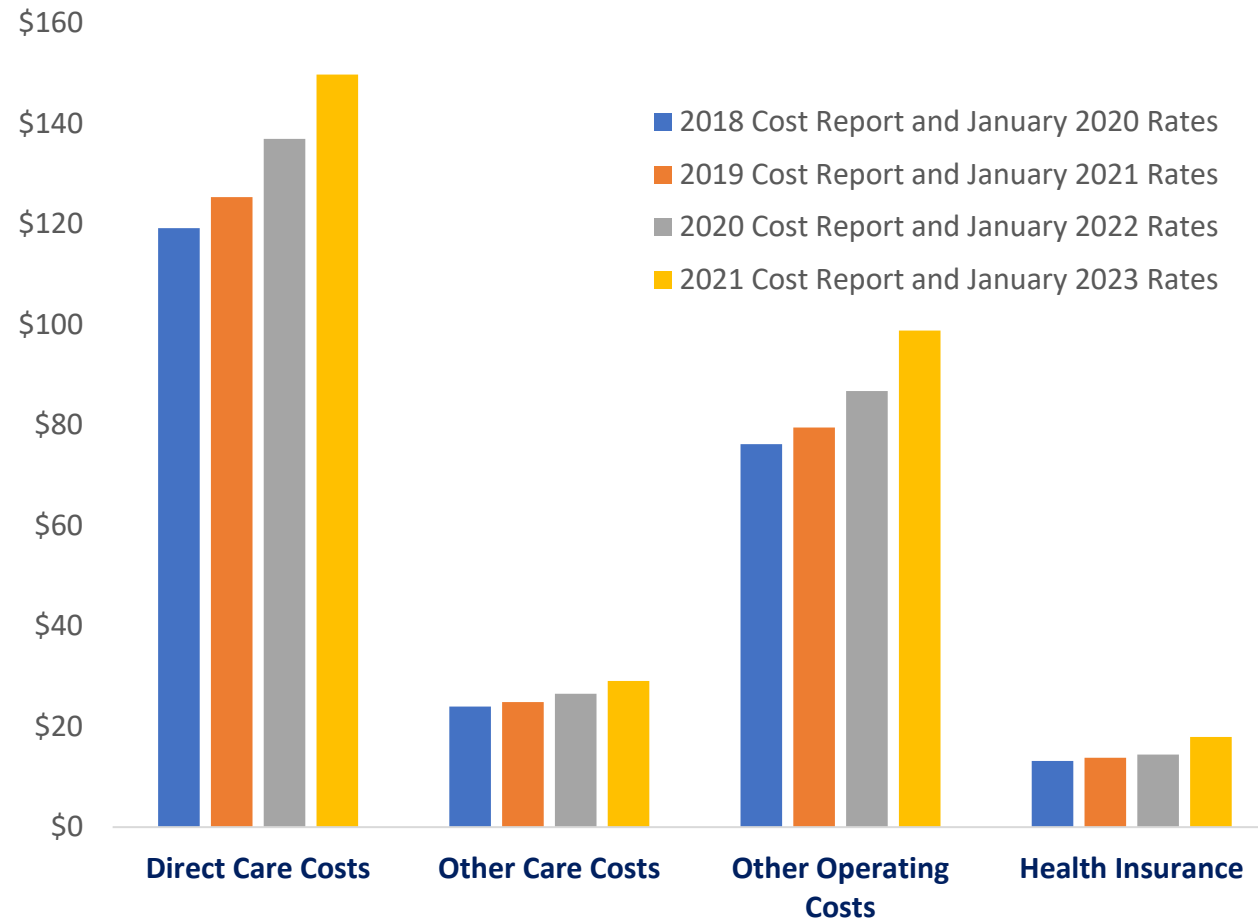
Allowable Operating Costs Used for Rate Setting



Declining Census Pushes Average Per Day Cost Per Diems Up

Allowable Operating Costs Used for Rate Setting

Per Patient Days Costs



Census Decline Drives Rate Increases for Rate Years 2020 to 2023.

