

Minutes: NHWSB Waivers and Variances Workgroup

Date: Thursday, November 7, 2024

Minutes prepared by: Linnea Becerra

Location: Hybrid – Washington Room at the Department of Labor and Industry and via Webex

Attendance

Members present

Kim Brenne (remotely)

Jamie Gulley

Maria King (remotely)

Katie Lundmark

Visitors present

Todd Bergstrom

Jeff Bostic

Brian Elliott

DLI staff members present

Ali Afsharjavan (remotely)

Linnea Becerra

Paul Enger

Leah Solo

Agenda items

- 1. Call to order** – The meeting was called to order by Chair Gulley at 8:33 a.m. Roll call was taken. A quorum was declared.
- 2. Approval of agenda** – A motion to approve the agenda as presented was made by Jamie Gulley and seconded by Kim Brenne. A roll call vote was taken, and the motion passed unanimously.
- 3. Approval of drafted meeting minutes** – A motion to approve the October 29, 20204, drafted meeting minutes as presented was made by Gulley and seconded by Kim Brenne. A roll call vote was taken, and the motion passed unanimously.
- 4. Board updates** –
 - Executive Director Solo updated the board that she initiated talks with the CPA organizations that work with nursing homes and is waiting to hear back. Solo stated that she updated the

memo from the last meeting to reflect what the group got through and what needs more discussion.

- Todd Bergstrom talked through the Ratios Explained 2007 MN Study which outlines some measures used to evaluate financial condition. The group discussed the importance of metrics such as days cash on hand and operating margin for evaluating financial health. The group recognized the need for more recent data to assess providers' financial status accurately. It was noted that metrics that indicate potential receivership or closure, such as days cash on hand and debt service coverage ratio, are the ones that should be focused on. The group concluded that this study provided a common understanding of terms and metrics used for the workgroup to make waivers and variances decisions. It was clarified again that any calculation made to evaluate financial strength should be used to determine if a nursing facility is at risk of closure or receivership, and therefore be granted a waiver or variance.
 - There was clarification from
 - The group worked through the list in the memo, beginning with Statement of Need, and agreed that it was a necessary item. The question of two signatures being required was raised, it was concluded that two signatures will be required and if there is only one, they will note that they are an exception then will be verified.
 - The group then discussed a nursing home's plan to come into compliance. This included a reiteration of the temporary waiver process, Paul Enger stating that this process is for temporary waivers and not for a chain of temporary waivers to occur. Kim Brenne spoke to the way the board will evaluate the nursing home's plan to come into compliance and how will the board decide these plans are adequate. Lundmark suggested that the examples be removed from the chart and that the plan be open ended, the rest of the workgroup agreed.
 - The next item on the chart that the workgroup discussed was operating budget. Bergstrom and Bostic suggested combining operating budget and cost of implementation of NHWSB standards, Lundmark suggested having facilities submit operating budgets of the past one or two years instead of upcoming operating budgets. It was decided to take out the parent organization's operating budgets.
 - The workgroup moved to financial statements. Brenne suggested removing outstanding accounts payable listing. Brenne suggested that working trial balance be required but the previous year's audit be optional, Lundmark agreed.
 - Current ratios along with supporting documentation was the next discussion. There was discussion on working capital ratio, but ultimately decided to keep it. Other items to keep were net profit margin ratio or operating margin. The group discussed keeping accounts receivable, accounts payable, days cash on hand, and cash flow statements.
 - It was made clear by this workgroup that the application for waivers and variances should be straightforward and should not be overly burdensome nor extremely time consuming. The group discussed that items to submit should be obtainable and not overly burdensome.
- 5. New business –**
- 6. Next meeting –** Thursday, November 14, 2024 at 9:30 a.m.

Adjournment

A motion was made by Katie Lundmark to adjourn the meeting at 10:04 a.m. and seconded by Maria King. A roll call vote was taken, and the motion passed unanimously.