



STATEMENT ON THE ONE MINNESOTA BUDGET

The “One Minnesota” budget released today by Governor Tim Walz and Lt. Governor Peggy Flanagan reflects much of the interim work done supporting protection of vulnerable adults. We are pleased the Governor and Lt. Governor have prioritized improvements and resource increases for the Office of Health Facility Complaints and the Office of Ombudsman for Long Term Care; and support the regulatory oversight, transparency and accountability in assisted living and dementia care.

There are many good budget priorities included in the “One Minnesota” budget under the umbrella of regulatory reforms and enhanced protections for vulnerable adults and we support the goals outlined in the budget pages. We do have concerns about longer term unintended consequences on costs for senior care with the fee-driven approach to funding regulatory oversight, but we look forward to discussions about how to minimize those implications.

A significant area of concern is the proposed changes to the relatively new value-based reimbursement (VBR) system for nursing facilities. The changes will result in rate reductions to some facilities, which come at a time when Minnesota is facing a rapidly-growing aging population and a growing shortage of professional caregivers to meet the rising demand for skilled, quality care in these settings.

We recognize there should be review and analysis of VBR but as the recently released report from the Department of Human Services noted: *“It is premature to draw final conclusions about the impact of VBR. The evaluators had one year of Medicaid cost data for analysis. Data for 2017 was not fully audited at the time of the evaluation and facilities had not reported data for 2018. Trends in spending, access, and the workforce are developing.”*

In looking out over a four-year period, some nursing homes will be forced to cut their budgets as the state reimbursement will once again be insufficient to cover the actual cost of care. Inevitably, the impact of these cuts will unfortunately fall on the dedicated staff in these settings, as wages and benefits compose the largest portion of nursing home budgets, and could hinder the availability of skilled, quality care, especially for seniors who reside in Greater Minnesota.

We look forward to working with Governor Walz and his Administration to shape a budget solution that provides all aging Minnesotans with the care they need to preserve their quality of life for as long as possible, incentivizes quality improvement, and supports career pipelines and pathways for caregiving professionals.