

Public	X
Confidential Request	

DHS Fiscal Note Worksheet *for the* 2024 Session

Bill & Version #: N/A	Title: Workforce Standards Board Scenario – Holiday Pay and Wage Floor
Companion File #: N/A	Author: N/A
Requesting Committee: Nursing Home Workforce Standards Board	Due Date: 4/10/2024
Consolidated Note?: No	Lead Agency: Human Services
DHS Lead Admin: Aging and Disability Services	DHS Contact: Elyse Bailey

Fiscal Impact	Yes	No
State (Does this bill have a fiscal impact to your Agency?)	X	
Fee/Dept Earnings (Does this bill impact a Fee or Dept Earning?)		X
Tax Revenue (Does this bill impact Tax Revenues?)		X
Information Technology (Does this bill have an impact to state information systems?)		X
Local (Does this bill have a fiscal impact to a Local Gov Body?)		X

Dollars in Thousands (\$000's)		FY2026	FY2027	FY2028	FY2029
Expenditures					
Fund: 1000		0	0	2,224	6,866
Fund					
Less Agency Can Absorb					
Fund		(0)	(0)	(0)	(0)
Transfers Out					
Fund					
Net Expenditures					
Fund: 1000		0	0	2,224	6,866
Fund					
Revenues					
Fund		(0)	(0)	(0)	(0)
Fund		(0)	(0)	(0)	(0)
Transfers In					
Fund		(0)	(0)	(0)	(0)
Net Cost / (Savings) by Fund					
Fund: 1000		0	0	2,224	6,866
Fund					
Total Net Cost / (Savings)		0	0	2,224	6,866
Full Time Equivalent Staff					
Fund		0	0	0	0
Fund					
Total Net FTE		0	0	0	0

Public	X
Confidential Request	

Bill Description

The Nursing Home Workforce Standards Board has requested a fiscal note from the Department of Human Services, in accordance with Minnesota Statute 181.213, Subdivision 2(c).

The proposed standards have three components:

1. Holiday pay for 11 specified holidays by the Board, effective January 1, 2026.
2. A series of wage floors for various employee professions, effective January 1, 2026.
3. An increase in the wage floors mentioned above for the same professions, effective January 1, 2027.

Assumptions

The Department used the following assumptions for this fiscal estimate:

1. The holiday pay mandate would be effective January 1, 2026.
2. The first wage floor would be effective January 1, 2026.
3. The floor effective January 1, 2026, includes the following wage levels:
 - a. \$27 an hour for Licensed Practical Nurses (LPNs)
 - b. \$23.50 an hour for Trained Medication Aides (TMAs)
 - c. \$22.50 an hour for Certified Nursing Assistants (CNAs)
 - d. \$19 an hour for all other professions
4. The second wage floor would be effective January 1, 2027.
5. The floor effective January 1, 2027, includes the following wage levels:
 - a. \$28.50 an hour for LPNs
 - b. \$25 an hour for TMAs
 - c. \$24 an hour for CNAs
 - d. \$20.50 an hour for all other professions
6. It is assumed that Medical Assistance and Private Pay daily nursing facility payment rates will first be affected by this bill for dates of service on and after January 1, 2028.
7. The payment for nursing facility services lags the provision of services by one month, thus a 30-day payment delay factor was used.
8. There are federal and county costs associated with this bill and these amounts are shown in the table. The state share of costs is determined by amounts paid by these other governmental units.
9. The Department assumes there are no systems costs related to this proposal.
10. This estimate does not assume a rate increase on the date the standards become effective (1/1/26 and 1/1/27), beyond the rate increases that will already occur in current law. Future costs will be picked up in cost reporting data.
11. This estimate is subject to change after the release of the November 2024 Budget & Economics Forecast and the February 2025 Budget & Economic Forecast.

Public	X
Confidential Request	

Expenditure and/or Revenue Formula

Based on February 2024 forecast	FY 2024	FY 2025	FY 2026	FY 2027
Federal Share	54.17%	53.19%	53.10%	53.10%
State share	44.70%	45.66%	45.75%	45.75%
County Share	1.13%	1.15%	1.15%	1.15%
Test	100.00%	100.00%	100.00%	100.00%

FISCAL NOTE COMPUTATIONS				
	CY 2026	CY 2027	CY 2028	CY 2029
Total Annual Costs				
Wage Floor Costs				
Estimated Increase to Nursing Facility Daily Rate	\$ -	\$ -	\$ 2.55	\$ 4.16
February 2024 Forecast NF days	3,762,982	3,762,982	3,762,982	3,762,982
Total Annual costs of Daily Rate Increase	\$ -	\$ -	\$ 9,599,159	\$ 15,638,459
Increase to Rate Add-on				
30 Day enhanced rate at .40% of total payments	\$ -	\$ -	\$ 38,397	\$ 62,554
Private Room add-on at 4.63% total payments	\$ -	\$ -	\$ 444,441	\$ 724,061
Leave Day at .03 % of total payments	\$ -	\$ -	\$ 2,880	\$ 4,692
Costs of Increases to Daily Rate Add-ons	\$ -	\$ -	\$ 485,717	\$ 791,306
Total Annual costs	\$ -	\$ -	\$ 10,084,876	\$ 16,429,765
Total Annual Calendar Year Costs (in thousands)	\$ -	\$ -	\$ 10,085	\$ 16,430
Conversion to State Fiscal Year (SFY) in thousands	FY 2026	FY 2027	FY 2028	FY 2029
SFY payment delay	0.00%	41.37%	41.37%	41.37%
Cost of Daily Rate Increases Fee-for-service	\$ -	\$ -	\$ 4,172	\$ 12,710
Projected MA costs/(savings)	\$ -	\$ -	\$ 4,172	\$ 12,710
Federal share	\$ -	\$ -	\$ 2,215	\$ 6,749
State budget	\$ -	\$ -	\$ 1,909	\$ 5,815
County share	\$ -	\$ -	\$ 48	\$ 146

Public	X
Confidential Request	

MA Grants (state budget) BACT 33 LF	\$ -	\$ -	\$ 1,909	\$ 5,815
Total Costs/(Savings)	\$ -	\$ -	\$ 1,909	\$ 5,815
FMAP Percentage for FFS	54.17%	53.19%	53.10%	53.10%
County percentages of the total for FFS	1.13%	1.15%	1.15%	1.15%

Fiscal Tracking Summary (\$000's)						
Fund	BACT	Description	FY2026	FY2027	FY2028	FY2029
GF	33	Elderly Managed Care Rates NF Add-On	0	0	315	1,051
GF	33LF	MA NF Pymnt Rate Changes	0	0	1,909	5,815
		Total Net Fiscal Impact	0	0	2,224	6,866
		Full Time Equivalent	0	0	0	

Long Term Fiscal Considerations

This will have long-term fiscal considerations beyond FY29.

Local Government Impact

County share for nursing facility services will increase. The increases start at \$48,000 in FY28 and grows to \$146,000 in FY29. There will be long-term costs beyond this budget horizon.

References / Sources

- Nursing Home Workforce Standards Board Proposal
- February 2024 LTC Forecast
- 2022 DHS Nursing Facility Cost Report Files