

Date: May 8, 2020

To: Minnesota Legislative Commission on Pensions and Retirement

From: Long-Term Care Imperative

Re: Proposal to Change Calculation of Liability for Privatizing Medical Facilities--HF4300/SF4201

We recently learned of the proposal contained in HF4300/SF4201 that would change the calculation of the withdrawal penalty charged to privatized former public health care providers. We are writing to urge caution with respect to this provision, as it may negatively impact access to senior care, especially in rural Minnesota.

As the state's two largest organizations representing senior care providers, including nursing homes and assisted living settings, we advocate to ensure that all Minnesota seniors have access to quality care options in their communities. Approximately 40 nursing homes and several assisted living settings are publicly owned by cities, counties or hospital districts. Most, but not all, are in rural communities.

When a publicly-owned setting chooses to sell to a private owner, it is typically motivated by two factors: (1) it has determined that it can no longer operate the setting (typically for financial reasons); and (2) the community has a strong desire to retain the senior care service in the community. We are concerned that this proposal will create an unintentional incentive for publicly owned nursing homes and assisted living settings to close rather than sell to private operators. Because the penalty would only apply to sales and not closures, communities may determine that it financially advantageous to close rather than sell. Most publicly owned nursing homes and assisted living settings are in small, rural communities, so this poses a real risk to access to senior care in these communities.

While we are sympathetic to the need to cover the shortfalls in PERA, this proposal potentially has larger impacts. At a time where there are 60,000 Minnesotans turning 65 each year now and until the year 2030, the state should not create incentives to close senior care providers rather than sell and maintain those services in their communities.

If you have any questions, please do not hesitate to contact Kari Thurlow at kthurlow@leadingagemn.org or Toby Pearson at tpearson@careproviders.org.

Thank you for your consideration.