

KRCC bed rates take a monthly \$1,000 leap

By Kathy Tandberg

After the ink has dried on the loan papers, the last nail pounded and paint on the walls, the final word is in. Nursing home bed rates at the Knife River Care Center in Beulah will take a big leap when residents move into their new home at the end of summer – a leap of nearly \$1,000 month.

Since the project began about seven years ago, it was always said that room rates at the 85-bed nursing home would increase once the new facility was constructed, but an exact figure was never quoted.

The announcement last week by KRCC Administrator Neil Ostlie makes it official that the rate increase will be \$31.75 per day per bed, due to costs for the new building of about \$10.8 million. That amounts to \$984 per month per bed, or nearly \$12,000 a year.

KRCC does not set its own rates, nor does any nursing home. The new rates were calculated by the North Dakota Department of Human Services, the agency in charge of regulating the rates that nursing homes can charge, following a June preliminary audit of KRCC. The room rates have a CAP that the state agency watches.

NDDHS uses a four area formula for calculating statewide CAPs on room rates for all North Dakota nursing homes based on direct care, other direct care, indirect care and the final area, the one that has caused the KRCC rate increase, property.

The CAPS on the three care areas are variable, depending on the amount of care required for each individual resident. With the property CAP, NDDHS states how many dollars per bed can be spent on a new building.

The property portion of the rate formula for the current facility is \$4.57 per day per bed. This is the rate that will increase. According to figures from NDDHS, before the new building was figured in, KRCC rates per day were in the midrange of the 83 other North Dakota long term care facilities.

Even with the increase in the rate, KRCC will still fall under the limits of the state and while not quite priced midrange, there are other facilities in the state that are priced higher.

In the 2007 state legislature this past spring, the state CAP for long term care property was increased and in fact, going by the new CAP, Ostlie said KRCC could have spent approximately \$1 million or more on the new construction than it did.

Explaining the rates, Ostlie said that current room rates at the present, older facility in midtown Beulah range from \$121.98 per day as the lowest cost, to \$291.14 as the highest cost, with an average room cost of about \$160 per day. These rates, again, are varied depending on the various care needed.

In addition, Ostlie said that as long as KRCC remains under the state allowable rates in all four areas, there is a bonus paid to the facility.

“In fact, we get an incentive back (from the state) of \$1.17 per person, per day for a total of \$99.45 per day, because we operate under the CAPS,” Ostlie said.

Ostlie said that all 85 beds at the nursing home are full, with a waiting list of sorts. Of those, 34 beds are private pay, 47 are Medicaid and four are Medicare. The new rates will be straight across the board, affecting every resident equally, an announcement that has raised questions from some residents and families, though Ostlie said he has not heard concerns from anyone as of yet.

Concerns raised include what would happen once private pay residents exhaust their payment resources. Private pay residents and Medicaid/Medicare residents all pay the same rates.

“Medicaid or Medicare will take over. Our current and new rates on the new building are still lower than what Medicaid and Medicare pay,” Ostlie said.

Ostlie said that as administrator, empty beds would of course be a concern. He recognizes that there are those who think the current facility is fine, but he noted that expensive repairs needed, such as plumbing, roofing and more, to remain in compliance with the state.

“But I’m sure people are concerned with the increase. I guess it’ll be an individual family choice if they move to another facility, but why would you? We will be almost all private rooms for no additional room charge that other facilities charge now,” he said.

The new KRCC facility will be all private rooms except for six double rooms that are almost private, with each having its own space divided by a semi-wall.

NDDHS allows an additional rate increase for private rooms that Ostlie said KRCC does not charge. Most charge up to \$15 per day extra for a private room, so only people who can afford it can have one.

“People will kind of have to look and decide what it’s worth to be in one of the nicest facilities in the country without a doubt,” Ostlie said.

KRCC Board Chairman Fred Stern said that the rate increases are more than what was originally expected for two reasons. One, the facility construction costs are higher than planned, and two, inflation.

Stern noted how the cost of construction increased throughout the country after Hurricane Katrina.

“We were unfortunate to come in after Katrina, but late enough after that the rates costs went down some again,” Stern said. “We were also rather fortunate to get the bids that we did. It was pretty tight.”

He also has some concerns for the rate increases but thinks once people look at the facility and the quality that their loved ones will enjoy, they will think it’s a great deal.

“This facility is not something for today, but also for tomorrow. It should last 40 or more years,” Stern said.

Stern said people should look at the new facility with different eyes, not with short term eyes, and think of it in the long term.

“You’ll see that the architect and people who planned it, planned it for years to come, looking for the long road. Back in 2000 it was \$6 million to repair the old place. With inflation it would have been a 30 percent increase and \$8 million. Look what we have now,” Stern said.

Stern and Ostlie said a public open house is planned for Aug. 26, more specifics on the event will come at a later date. They hope the public will put the event on the calendar and see for themselves what has been created.

Letters have been mailed to each resident/family explaining the new individual rates that will take effect on the day residents move into the new facility. Hopefully the end of August or early September.