June 15, 2016

Dear Nursing Facility Owner/Administrator,

Two appraisal firms have contracted with the State of Minnesota to conduct on-site evaluations and related appraisals of nursing facilities participating in the Minnesota Medical Assistance program to determine the value of land, land improvements, building, attached fixtures and fixed equipment for each facility.

The appraisals are required as part of the study that the Minnesota Department of Human Services (DHS) is conducting at the direction of the Minnesota legislature with the goal of implementing a new property rate-setting system. The final details of any new property rate-setting will be determined at a later date.

The final valuation report for your nursing facility will be affected by the following:

1. Land valuation will be based on market value.
2. Land Improvements and building/fixed equipment will be valued at both replacement cost and depreciated replacement cost using the Marshall & Swift Building Valuation system for the building/fixed equipment
3. Shared areas providing service to both the nursing facility and a non-nursing home operation will be included at full valuation, if it is in the nursing home space. If the shared area is in a non-nursing home building the area will be identified but not appraised. Square footage of the shared area will also be provided. Please complete the attached shared area worksheet if this applies to you. Also be sure to provide the related allocation statistics for each type of shared area.
4. Revenue producing area such as therapy and gift shop will be included at full valuation and the square footage identified.
5. The final property rate-setting methodology may include adjustments for shared and/or revenue generating space if applicable. These allocations will be on a separate document from the appraisal report. Value will be added for non-appraised shared area at average value for the remainder of the property. Land will be allocated based on square footage of nursing home and non-nursing home space. Other shared area will be allocated based on Medicare approved allocation basis-meals for dietary, revenue for A&G etc.
6. The report will not contain valuations for moveable equipment.
7. The report will not contain evaluations for any area used solely for a non-nursing home purpose.

One of the appraisers will be contacting you in the near future to conduct an on-site review of your facility. The date will most likely be before June 30, 2016. Please designate someone familiar with the construction and usage of your building to meet with the appraiser at that time. They will need a tour of the building. In addition they will need to review the following documents either before the building tour date or at the time of the appraisal tour:

1. Current blue-prints and floorplans. This includes any attached or adjacent non-nursing home space such as an assisted living facility.
2. Identification of any shared areas in the nursing home or in an adjacent building. Attachment A should be completed to indicate known revenue producing and shared areas.

You also need to provide the most recent allocation statistics for any shared area in part 3.

PLEASE PROVIDE A COMPLETED ATTACHMENT A TO THE APPRAISER DURING THE ON-SITE.

1. Copy of your most recent property tax bill if your facility is obligated to pay property taxes.
2. Provider should be prepared to point out any major expansions or renovations in the building since initial construction, and if possible have available the year and approximate cost of the renovation/expansion.
3. Date roof last replaced-full or partial by section of the building.

These documents may be provided to the appraiser as a hard copy or electronically via email, USB, or CD. If providing these documents to the appraiser in an electronic format it is preferable to provide it to the appraiser before they arrive at your facility.

You will receive a copy of the completed appraisal after our review is complete. At that time you will be able to contact the appraiser directly to discuss any questions or concerns you have with the report, and the appraiser may adjust the appraisal if warranted based on factual discrepancies. Please contact the original appraiser with any questions or concerns within two weeks from the receipt of the final appraisal report. If you feel there is still a material error in the appraisal report after those discussions, you may request a second appraisal be completed by another appraisal firm. A request for a second appraisal, if necessary, should be submitted no later than 3 weeks from the receipt of the final appraisal report, directly to the Minnesota Department of Human Services at the following address:

Jane Gottwald

Department of Human Services

Nursing Facility Rates and Policy

PO Box 0973

St Paul, MN 55164-0973

[Jane.Gottwald@state.mn.us](mailto:Jane.Gottwald@state.mn.us) 651-431-4348

If the second appraisal does not increase the total valuation of the nursing facility by more than 5% over the original appraisal, you will be required to pay the cost of the second appraisal. If it does increase the total valuation by more than 5% the State of Minnesota will pay for the appraisal. In either case, the second of the two appraisals will be used as the final approved valuation for your facility. The exact amount of the cost of the second appraisal will be available to you at the time of the request.

Please let us know if you have any questions or need to reschedule the on-site visit. Thank you for your assistance.

Attachment A Shared Areas Identification Worksheet/General Information

Facility Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Street Address \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

City \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Zip Code \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Property Contacts:

Administrator-Name & phone # \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Administrator Email \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Maintenance Director-Name & phone # \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Total number of beds \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Total number of resident rooms \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Total number of owned parking spaces \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

List any ancillary buildings (shed, gazebos etc.) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Does the land parcel contain non-nursing facility buildings (AL, etc.) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Does the land parcel contain unused land that could be sold for other uses \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

What is the year the nursing home was built? List a separate year for each section that was new construction. If any section had major renovations, what was that date?

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | Section1 | Section 2 | Section 3 | Section 4 |
| Year Built |  |  |  |  |  |
| Year of any Major renovations |  |  |  |  |  |
|  |  |  |  |  |  |

PART 1-Non-Nursing Home Operations:

Identify any non-nursing home operations located in the nursing home building or adjacent to it. Check all related operations under appropriate location column-if the operations are in the same buildings as the nursing home check column one-if separate column 2

NF Building Separate Building

1. Hospital \_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_
2. Child day-care \_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_
3. Clinic \_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_
4. Assisted Living \_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_
5. Apartments \_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_
6. Other \_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_
7. Other \_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_

Part 2-Shared and Revenue Generating Areas-

Identify any areas in or outside the nursing home that provide services to another operation or generate separate revenue. Check all shared or revenue generating areas that apply under the column where they are located either in the nursing home or a separate building. In column 3 note the building number or numbers from Part 1 (the earlier question) that share this service with the nursing facility

NF Building Separate Building # bldg. sharing

1. Administration-office \_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_
2. Administration-reception \_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_
3. Medical records \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_
4. Dietary-dining room \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_
5. Dietary-kitchen \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_
6. Cafeteria \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_
7. Maintenance \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_
8. Boiler room \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_
9. Housekeeping \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_
10. Laundry \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_
11. Therapy \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_
12. Pharmacy \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_
13. Chapel \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_
14. Gift Shop \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_
15. Dental \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_
16. Lounge \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_
17. Other\_\_\_\_\_\_\_\_
18. Other \_\_\_\_\_\_\_
19. Other \_\_\_\_\_\_\_\_

Part 3-allocation statistics-use totals from 2015 cost report period 10/1/14-9/30/15-If any shared areas in Part2 provide related allocation statistics below

Dietary Nursing home resident meals \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_ % of total

Other meals \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_ % of total

Total meals \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 100%

Laundry Nursing home pounds \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_ % of total

Other laundry pounds \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_ % of total

Total laundry pounds \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 100%

A & G Nursing home revenue \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_ % of total

Other revenue \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_ % of total

Total revenue \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 100%

Other \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ describe basis and cost associated with

Nursing home \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_ % of total

Other \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_ % of total

Total \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 100%