

Nursing Home Rates and Property Tax-Exempt Status  
Elderly Homeowner and Renter Credit Study  
Prepared for the Revenue and Transportation Interim Committee  
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This analysis compares nursing home rates for facilities that are likely to be exempt from property taxes with those that are likely not exempt.

#### Available Data

Medicaid reimbursement and private pay data for nursing facilities is available from the Department of Public Health and Human Services (DPHHS) but does not include an itemization of the cost components. The Medicaid reimbursement rate<sup>1</sup> includes operating costs and direct resident care costs.<sup>2</sup> The private pay data reflects the average total cost for a non-Medicaid resident in a double-occupancy room.<sup>3</sup> Both data sets are for fiscal year 2016. The data provides the daily Medicaid reimbursement rate or private pay rate. The monthly rate used in this analysis is the daily rate multiplied by 365 and divided by 12.

#### Methodology of Determining Property Tax-Exempt Status

The likely property tax-exempt status for the nursing facilities was determined using Department of Revenue data on property tax exemptions. The term "likely" is used for three reasons:

1. Property tax exemption data is available for the years 1981-2016. There is the possibility that a nursing facility was granted an exemption prior to 1981 that still remains in effect but was not included in the data examined.
2. Property tax exemptions are granted for specific parcels of property based on the ownership and use of the property. A determination of whether an entire nursing facility is exempt is difficult to make from available legal descriptions and geocodes. A nursing facility is considered likely property tax-exempt if there is any record of an exemption between 1981 and 2016.
3. Nursing facilities associated with a hospital with a property tax exemption granted between 1981 and 2016 are also considered property tax-exempt because an exemption was likely requested under the hospital's name.

#### Rate Comparison for Likely Exempt and Likely Non-Exempt Facilities

There are eight cities with available rate data and at least one facility that is likely property tax-exempt and one facility that is likely not property tax-exempt. Those cities are: Billings, Bozeman, Great Falls, Hamilton, Kalispell, Lewistown, Miles City, and Ronan. The next two sections compare the

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<sup>1</sup>"Fiscal Year 2016, Montana Medicaid Nursing Facility Reimbursement Rates" available from <http://dphhs.mt.gov/Portals/85/sltc/documents/NursingFacilities/NursingMedicaidRates2016.pdf>, accessed Feb. 4, 2016.

<sup>2</sup>"Medicaid Rates," Montana DPHHS, Senior and Long Term Care, available from <http://dphhs.mt.gov/SLTC/csb/Provider#287023784-nursing-facilities-and-swing-bed-services>, accessed Feb. 4, 2016.

<sup>3</sup>"FY16 Nursing Facility Private Pay Rates," available from <http://dphhs.mt.gov/Portals/85/sltc/documents/NursingFacilities/PPNursingRates16.pdf>, accessed Feb. 4, 2016.

Medicaid reimbursement rates and private pay rates for likely exempt and likely non-exempt facilities in the same city. The analysis is based on total monthly costs, which does not account for whether services vary from facility to facility.

Medicaid Reimbursement Rates

The following table shows the number of facilities in each city that are likely property tax-exempt and likely not property tax-exempt, whether the likely exempt or likely non-exempt monthly reimbursement rate is higher, and the difference in the likely non-exempt and likely exempt monthly reimbursement rate.

In Great Falls, Hamilton, Kalispell, and Ronan, the likely non-exempt facility has a higher monthly reimbursement rate than the likely exempt facility. The likely exempt and likely non-exempt monthly reimbursement rates are fairly close in Great Falls and Kalispell but the gap is wider in Ronan and Hamilton.

The likely exempt monthly reimbursement rate is higher than the likely non-exempt monthly reimbursement rate in Lewistown and Miles City, with differences of \$141.13 and \$31.03 per month, respectively.

The Billings and Bozeman comparisons are mixed. The highest monthly reimbursement rate in Billings is for a likely non-exempt facility and that monthly rate is \$250.33 higher than the lowest monthly reimbursement rate, which is for a likely exempt facility. For the other six facilities, the likely non-exempt monthly reimbursement rates tend to be higher than the likely exempt monthly reimbursement rates. In Bozeman, the likely exempt facility monthly reimbursement rate is \$39.85 less than one likely non-exempt facility monthly reimbursement rate and \$98.55 more than the other likely non-exempt facility monthly reimbursement rate.

City	Number Facilities Likely Exempt	Number Facilities Likely Non-Exempt	Which Medicaid Reimbursement is Higher?	Difference in Monthly Medicaid Reimbursement Non-Exempt vs. Exempt	
Billings	3	5	Mixed	See detail	
Bozeman	1	2	Mixed	See detail	
Great Falls	1	2	Non-Exempt	\$10.95	\$16.73
Hamilton	1	1	Non-Exempt	\$106.76	
Kalispell	2	1	Non-Exempt	\$6.08	\$17.95
Lewistown	1	1	Exempt	(\$141.13)	
Miles City	1	1	Exempt	(\$31.03)	

Ronan	1	1	Non-Exempt	\$54.14
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Private Pay Rates

Private pay rates for likely tax-exempt nursing facilities are higher than private pay rates for likely not tax-exempt nursing facilities in seven of the eight cities that had both types of facilities. The table below shows the differences in the monthly rates.

When considering these figures, it is important to remember that there is no separate data available for rent. The private pay rates are average rates paid by all residents for double-occupancy rooms and for all services received, which could vary from facility to facility.

In Billings, the private pay rate was not higher for nursing facilities that are likely tax-exempt. The private pay rates in Billings are fairly tightly grouped with the highest rate, which is for a likely non-exempt facility, being \$250.33 higher than the lowest rate, which is for a likely exempt facility. The difference between the second-highest and second-lowest private pay rates is \$80.30.

City	Number Facilities Likely Exempt	Number Facilities Likely Non-Exempt	Which Private Pay Rate is Higher?	Difference in Monthly Private Pay Rate Non-Exempt vs. Exempt	
Billings	2	5	Mixed	See detail	
Bozeman	1	2	Exempt	(\$225.08)	(\$313.60)
Great Falls	1	2	Exempt	(\$229.65)	(\$882.08)
Hamilton	1	1	Exempt	(\$596.078)	
Kalispell	2	1	Exempt	(\$1,657.71)	(\$2,603.97)
Lewistown	1	1	Exempt	(\$1,058.20)	
Miles City	1	1	Exempt	(\$91.25)	
Ronan	1	1	Exempt	(\$326.98)	

Conclusion

There is no clear link between likely property tax-exempt status and Medicaid reimbursement rates in the eight cities with both likely exempt and likely non-exempt nursing facilities. For private pay rates, likely property tax-exempt nursing facilities have higher rates than likely non-exempt nursing facilities in seven of the eight cities. The Medicaid reimbursement and private pay rate data, however, does not provide a breakdown of costs or services, so there is no indication of how much of the rate is attributable to rental costs.