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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 3390

02/12/2024 Authored by Edelson
The bill was referred to the Committee on Human Services Finance

1.1 A bill for an act
1.2 relating to human services; modifying nursing facility payment rates; modifying
1.3 elderly waiver rates; amending Minnesota Statutes 2022, sections 256R.02, by
1.4 adding a subdivision; 256R.23, subdivisions 2, 3; 256R.24, subdivision 1;
1.5 Minnesota Statutes 2023 Supplement, sections 256R.25; 256S.211, subdivisions
1.6 1, 2; 256S.213, subdivision 1.

1.7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.8 Section 1. Minnesota Statutes 2022, section 256R.02, is amended by adding a subdivision
1.9 to read:

1.10 Subd. 25b. **Known cost change factor.** "Known cost change factor" means 1.00 plus
1.11 the forecasted percentage change in the CPI-U index from April 1 of the reporting period
1.12 to July 1 of the rate year as determined by the national economic consultant used by the
1.13 commissioner of management and budget.

1.14 **EFFECTIVE DATE.** This section is effective for the rate year beginning January 1,
1.15 2025, or upon federal approval, whichever occurs later. The commissioner of human services
1.16 shall notify the revisor of statutes when federal approval is obtained.

1.17 Sec. 2. Minnesota Statutes 2022, section 256R.23, subdivision 2, is amended to read:

1.18 Subd. 2. **Calculation of direct care cost per standardized day.** Each facility's direct
1.19 care cost per standardized day is calculated as follows: (1) multiply the facility's direct care
1.20 costs ~~divided~~ and the known cost change factor; and (2) divide the result of clause (1) by
1.21 the sum of the facility's standardized days. A facility's direct care cost per standardized day
1.22 is the facility's cost per day for direct care services associated with a case mix index of 1.00.

2.1 **EFFECTIVE DATE.** This section is effective for the rate year beginning January 1,
2.2 2025, or upon federal approval, whichever occurs later. The commissioner of human services
2.3 shall notify the revisor of statutes when federal approval is obtained.

2.4 Sec. 3. Minnesota Statutes 2022, section 256R.23, subdivision 3, is amended to read:

2.5 Subd. 3. **Calculation of other care-related cost per resident day.** Each facility's other
2.6 care-related cost per resident day is ~~its~~ calculated as follows: (1) multiply the facility's other
2.7 care-related costs, ~~divided~~ and the known cost change factor; and (2) divide the result of
2.8 clause (1) by the sum of the facility's resident days.

2.9 **EFFECTIVE DATE.** This section is effective for the rate year beginning January 1,
2.10 2025, or upon federal approval, whichever occurs later. The commissioner of human services
2.11 shall notify the revisor of statutes when federal approval is obtained.

2.12 Sec. 4. Minnesota Statutes 2022, section 256R.24, subdivision 1, is amended to read:

2.13 Subdivision 1. **Determination of other operating cost per day.** Each facility's other
2.14 operating cost per day is ~~its~~ calculated as follows: (1) multiply the facility's other operating
2.15 costs ~~divided~~ and the known cost change factor; and (2) divide the result of clause (1) by
2.16 the sum of the facility's resident days.

2.17 **EFFECTIVE DATE.** This section is effective for the rate year beginning January 1,
2.18 2025, or upon federal approval, whichever occurs later. The commissioner of human services
2.19 shall notify the revisor of statutes when federal approval is obtained.

2.20 Sec. 5. Minnesota Statutes 2023 Supplement, section 256R.25, is amended to read:

2.21 **256R.25 EXTERNAL FIXED COSTS PAYMENT RATE.**

2.22 (a) The payment rate for external fixed costs is the sum of the amounts in paragraphs
2.23 (b) to (p).

2.24 (b) For a facility licensed as a nursing home, the portion related to the provider surcharge
2.25 under section 256.9657 is equal to \$8.86 per resident day. For a facility licensed as both a
2.26 nursing home and a boarding care home, the portion related to the provider surcharge under
2.27 section 256.9657 is equal to \$8.86 per resident day multiplied by the result of its number
2.28 of nursing home beds divided by its total number of licensed beds.

2.29 (c) The portion related to the licensure fee under section 144.122, paragraph (d), is the
2.30 amount of the fee divided by the sum of the facility's resident days.

3.1 (d) The portion related to development and education of resident and family advisory
3.2 councils under section 144A.33 is \$5 per resident day divided by 365.

3.3 (e) The portion related to scholarships is determined under section 256R.37.

3.4 (f) The portion related to planned closure rate adjustments is as determined under section
3.5 256R.40, subdivision 5, and Minnesota Statutes 2010, section 256B.436.

3.6 (g) The portion related to consolidation rate adjustments shall be as determined under
3.7 section 144A.071, subdivisions 4c, paragraph (a), clauses (5) and (6), and 4d.

3.8 (h) The portion related to single-bed room incentives is as determined under section
3.9 256R.41.

3.10 (i) The portions related to real estate taxes, special assessments, and payments made in
3.11 lieu of real estate taxes directly identified or allocated to the nursing facility are the allowable
3.12 amounts divided by the sum of the facility's resident days. Allowable costs under this
3.13 paragraph for payments made by a nonprofit nursing facility that are in lieu of real estate
3.14 taxes shall not exceed the amount which the nursing facility would have paid to a city or
3.15 township and county for fire, police, sanitation services, and road maintenance costs had
3.16 real estate taxes been levied on that property for those purposes.

3.17 (j) The portion related to employer health insurance costs is ~~the~~ calculated as follows:
3.18 (1) multiply the facility's allowable employer health insurance costs divided and the known
3.19 cost change factor; and (2) divide the result of clause (1) by the sum of the facility's resident
3.20 days.

3.21 (k) The portion related to the Public Employees Retirement Association is the allowable
3.22 costs divided by the sum of the facility's resident days.

3.23 (l) The portion related to quality improvement incentive payment rate adjustments is
3.24 the amount determined under section 256R.39.

3.25 (m) The portion related to performance-based incentive payments is the amount
3.26 determined under section 256R.38.

3.27 (n) The portion related to special dietary needs is the amount determined under section
3.28 256R.51.

3.29 (o) The portion related to the rate adjustments for border city facilities is the amount
3.30 determined under section 256R.481.

3.31 (p) The portion related to the rate adjustment for critical access nursing facilities is the
3.32 amount determined under section 256R.47.

4.1 **EFFECTIVE DATE.** This section is effective for the rate year beginning January 1,
4.2 2025, or upon federal approval, whichever occurs later. The commissioner of human services
4.3 shall notify the revisor of statutes when federal approval is obtained.

4.4 Sec. 6. Minnesota Statutes 2023 Supplement, section 256S.211, subdivision 1, is amended
4.5 to read:

4.6 Subdivision 1. **Establishing base wages.** When establishing and updating the base wages
4.7 according to section 256S.212, the commissioner shall use standard occupational
4.8 classification (SOC) codes from the Bureau of Labor Statistics as defined in the most recent
4.9 edition of the Occupational Handbook published immediately prior to January 1, 2019,
4.10 using Minnesota-specific wages taken from job descriptions.

4.11 **EFFECTIVE DATE.** This section is effective January 1, 2025, or upon federal approval,
4.12 whichever occurs later. The commissioner of human services shall notify the revisor of
4.13 statutes when federal approval is obtained.

4.14 Sec. 7. Minnesota Statutes 2023 Supplement, section 256S.211, subdivision 2, is amended
4.15 to read:

4.16 Subd. 2. **Updating rates.** On January 1, 2024, and each January 1 thereafter, the
4.17 commissioner shall update component rates and rates according to sections 256S.212 to
4.18 256S.215, using the data referenced in subdivision 1.

4.19 **EFFECTIVE DATE.** This section is effective January 1, 2025, or upon federal approval,
4.20 whichever occurs later. The commissioner of human services shall notify the revisor of
4.21 statutes when federal approval is obtained.

4.22 Sec. 8. Minnesota Statutes 2023 Supplement, section 256S.213, subdivision 1, is amended
4.23 to read:

4.24 Subdivision 1. **Payroll taxes and benefits factor.** The payroll taxes and benefits factor
4.25 is the sum of net payroll taxes and benefits, divided by the sum of all salaries for all nursing
4.26 facilities on the most recent and available cost report. The commissioner must update the
4.27 payroll taxes and benefits factor each January 1.

4.28 **EFFECTIVE DATE.** This section is effective January 1, 2025, or upon federal approval,
4.29 whichever occurs later. The commissioner of human services shall notify the revisor of
4.30 statutes when federal approval is obtained.