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HOUSE FILE NO. 3442

FIRST COMMITTEE ENGROSSMENT

March 8, 2010

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The bill was read for the first time and referred to the Committee on Health Care and Human Services Policy and Oversight

March 15, 2010

Committee Recommendation and Adoption of Report:

Amended and re-referred to the Committee on Finance without further recommendation

Referred by Chair to Health Care and Human Services Finance Division.

March 25, 2010

Returned to the Committee on Finance as Amended.

1.1 A bill for an act
1.2 relating to human services; changing the phase-in for nursing facility rate
1.3 rebasing; amending Minnesota Statutes 2009 Supplement, section 256B.441,
1.4 subdivision 55.

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

1.6 Section 1. Minnesota Statutes 2009 Supplement, section 256B.441, subdivision 55,
1.7 is amended to read:

1.8 Subd. 55. **Phase-in of rebased operating payment rates.** (a) For the rate years
1.9 beginning October 1, 2008, to October 1, 2015, the operating payment rate calculated
1.10 under this section shall be phased in by blending the operating rate with the operating
1.11 payment rate determined under section 256B.434. For purposes of this subdivision, the
1.12 rate to be used that is determined under section 256B.434 shall not include the portion of
1.13 the operating payment rate related to performance-based incentive payments under section
1.14 256B.434, subdivision 4, paragraph (d). For the rate year beginning October 1, 2008, the
1.15 operating payment rate for each facility shall be 13 percent of the operating payment rate
1.16 from this section, and 87 percent of the operating payment rate from section 256B.434.
1.17 For the rate year beginning October 1, 2009, the operating payment rate for each facility
1.18 shall be 14 percent of the operating payment rate from this section, and 86 percent of
1.19 the operating payment rate from section 256B.434. ~~For rate years beginning October 1,~~
1.20 ~~2010; October 1, 2011; and October 1, 2012, no rate adjustments shall be implemented~~
1.21 ~~under this section, but shall be determined under section 256B.434.~~ For the rate year
1.22 beginning October 1, 2010, the operating payment rate for each facility shall be 14 percent
1.23 of the operating payment rate from this section, and 86 percent of the operating payment
1.24 rate from section 256B.434. For the rate year beginning October 1, 2011, the operating

2.1 payment rate for each facility shall be 31 percent of the operating payment rate from this
2.2 section, and 69 percent of the operating payment rate from section 256B.434. For the rate
2.3 year beginning October 1, 2012, the operating payment rate for each facility shall be 48
2.4 percent of the operating payment rate from this section, and 52 percent of the operating
2.5 payment rate from section 256B.434. For the rate year beginning October 1, 2013, the
2.6 operating payment rate for each facility shall be 65 percent of the operating payment rate
2.7 from this section, and 35 percent of the operating payment rate from section 256B.434.
2.8 For the rate year beginning October 1, 2014, the operating payment rate for each facility
2.9 shall be 82 percent of the operating payment rate from this section, and 18 percent of the
2.10 operating payment rate from section 256B.434. For the rate year beginning October 1,
2.11 2015, the operating payment rate for each facility shall be the operating payment rate
2.12 determined under this section. The blending of operating payment rates under this section
2.13 shall be performed separately for each RUG's class.

2.14 (b) For the rate year beginning October 1, 2008, the commissioner shall apply limits
2.15 to the operating payment rate increases under paragraph (a) by creating a minimum
2.16 percentage increase and a maximum percentage increase.

2.17 (1) Each nursing facility that receives a blended October 1, 2008, operating payment
2.18 rate increase under paragraph (a) of less than one percent, when compared to its operating
2.19 payment rate on September 30, 2008, computed using rates with RUG's weight of 1.00,
2.20 shall receive a rate adjustment of one percent.

2.21 (2) The commissioner shall determine a maximum percentage increase that will
2.22 result in savings equal to the cost of allowing the minimum increase in clause (1). Nursing
2.23 facilities with a blended October 1, 2008, operating payment rate increase under paragraph
2.24 (a) greater than the maximum percentage increase determined by the commissioner, when
2.25 compared to its operating payment rate on September 30, 2008, computed using rates with
2.26 a RUG's weight of 1.00, shall receive the maximum percentage increase.

2.27 (3) Nursing facilities with a blended October 1, 2008, operating payment rate
2.28 increase under paragraph (a) greater than one percent and less than the maximum
2.29 percentage increase determined by the commissioner, when compared to its operating
2.30 payment rate on September 30, 2008, computed using rates with a RUG's weight of 1.00,
2.31 shall receive the blended October 1, 2008, operating payment rate increase determined
2.32 under paragraph (a).

2.33 (4) The October 1, 2009, through October 1, 2015, operating payment rate for
2.34 facilities receiving the maximum percentage increase determined in clause (2) shall be
2.35 the amount determined under paragraph (a) less the difference between the amount

3.1 determined under paragraph (a) for October 1, 2008, and the amount allowed under clause
3.2 (2). This rate restriction does not apply to rate increases provided in any other section.

3.3 (c) A portion of the funds received under this subdivision that are in excess of
3.4 operating payment rates that a facility would have received under section 256B.434, as
3.5 determined in accordance with clauses (1) to (3), shall be subject to the requirements in
3.6 section 256B.434, subdivision 19, paragraphs (b) to (h).

3.7 (1) Determine the amount of additional funding available to a facility, which shall be
3.8 equal to total medical assistance resident days from the most recent reporting year times
3.9 the difference between the blended rate determined in paragraph (a) for the rate year being
3.10 computed and the blended rate for the prior year.

3.11 (2) Determine the portion of all operating costs, for the most recent reporting year,
3.12 that are compensation related. If this value exceeds 75 percent, use 75 percent.

3.13 (3) Subtract the amount determined in clause (2) from 75 percent.

3.14 (4) The portion of the fund received under this subdivision that shall be subject to
3.15 the requirements in section 256B.434, subdivision 19, paragraphs (b) to (h), shall equal
3.16 the amount determined in clause (1) times the amount determined in clause (3).