

SENATE
STATE OF MINNESOTA
EIGHTY-NINTH SESSION

S.F. No. 2524

(SENATE AUTHORS: SKOE)

DATE	D-PG	OFFICIAL STATUS
03/10/2016		Introduction and first reading Referred to Health, Human Services and Housing

A bill for an act

1.1 relating to human services; increasing reimbursement rates for a critical access
 1.2 hospital; appropriating money; amending Minnesota Statutes 2014, section
 1.3 256.969, by adding a subdivision; Minnesota Statutes 2015 Supplement, section
 1.4 256B.766.
 1.5

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

1.7 Section 1. Minnesota Statutes 2014, section 256.969, is amended by adding a
 1.8 subdivision to read:

1.9 Subd. 31. **Payment rate adjustments for certain critical access hospitals.** The
 1.10 commissioner shall increase by 200 percent the medical assistance payment rate as
 1.11 determined under this section for inpatient hospital services provided by publicly owned
 1.12 critical access hospitals located in Mahnommen County. The commissioner may not adjust
 1.13 payments made to managed care plans and county-based purchasing plans to reflect
 1.14 payments under this subdivision. The commissioner may not include payments under this
 1.15 subdivision in budget neutrality calculations for critical access hospitals.

1.16 **EFFECTIVE DATE.** This section is effective for discharges occurring on or after
 1.17 July 1, 2016.

1.18 Sec. 2. Minnesota Statutes 2015 Supplement, section 256B.766, is amended to read:

1.19 **256B.766 REIMBURSEMENT FOR BASIC CARE SERVICES.**

1.20 (a) Effective for services provided on or after July 1, 2009, total payments for basic
 1.21 care services, shall be reduced by three percent, except that for the period July 1, 2009,
 1.22 through June 30, 2011, total payments shall be reduced by 4.5 percent for the medical
 1.23 assistance and general assistance medical care programs, prior to third-party liability and

2.1 spenddown calculation. Effective July 1, 2010, the commissioner shall classify physical
2.2 therapy services, occupational therapy services, and speech-language pathology and
2.3 related services as basic care services. The reduction in this paragraph shall apply to
2.4 physical therapy services, occupational therapy services, and speech-language pathology
2.5 and related services provided on or after July 1, 2010.

2.6 (b) Payments made to managed care plans and county-based purchasing plans shall
2.7 be reduced for services provided on or after October 1, 2009, to reflect the reduction
2.8 effective July 1, 2009, and payments made to the plans shall be reduced effective October
2.9 1, 2010, to reflect the reduction effective July 1, 2010.

2.10 (c) Effective for services provided on or after September 1, 2011, through June 30,
2.11 2013, total payments for outpatient hospital facility fees shall be reduced by five percent
2.12 from the rates in effect on August 31, 2011.

2.13 (d) Effective for services provided on or after September 1, 2011, through June
2.14 30, 2013, total payments for ambulatory surgery centers facility fees, medical supplies
2.15 and durable medical equipment not subject to a volume purchase contract, prosthetics
2.16 and orthotics, renal dialysis services, laboratory services, public health nursing services,
2.17 physical therapy services, occupational therapy services, speech therapy services,
2.18 eyeglasses not subject to a volume purchase contract, hearing aids not subject to a volume
2.19 purchase contract, and anesthesia services shall be reduced by three percent from the
2.20 rates in effect on August 31, 2011.

2.21 (e) Effective for services provided on or after September 1, 2014, payments
2.22 for ambulatory surgery centers facility fees, hospice services, renal dialysis services,
2.23 laboratory services, public health nursing services, eyeglasses not subject to a volume
2.24 purchase contract, and hearing aids not subject to a volume purchase contract shall be
2.25 increased by three percent and payments for outpatient hospital facility fees shall be
2.26 increased by three percent. Payments made to managed care plans and county-based
2.27 purchasing plans shall not be adjusted to reflect payments under this paragraph.

2.28 (f) Payments for medical supplies and durable medical equipment not subject to a
2.29 volume purchase contract, and prosthetics and orthotics, provided on or after July 1, 2014,
2.30 through June 30, 2015, shall be decreased by .33 percent. Payments for medical supplies
2.31 and durable medical equipment not subject to a volume purchase contract, and prosthetics
2.32 and orthotics, provided on or after July 1, 2015, shall be increased by three percent from
2.33 the rates as determined under paragraph (i).

2.34 (g) Effective for services provided on or after July 1, 2015, payments for outpatient
2.35 hospital facility fees, medical supplies and durable medical equipment not subject to a
2.36 volume purchase contract, prosthetics and orthotics, and laboratory services to a hospital

3.1 meeting the criteria specified in section 62Q.19, subdivision 1, paragraph (a), clause (4),
3.2 shall be increased by 90 percent from the rates in effect on June 30, 2015. Payments made
3.3 to managed care plans and county-based purchasing plans shall not be adjusted to reflect
3.4 payments under this paragraph.

3.5 (h) This section does not apply to physician and professional services, inpatient
3.6 hospital services, family planning services, mental health services, dental services,
3.7 prescription drugs, medical transportation, federally qualified health centers, rural health
3.8 centers, Indian health services, and Medicare cost-sharing.

3.9 (i) Effective July 1, 2015, the medical assistance payment rate for durable medical
3.10 equipment, prosthetics, orthotics, or supplies shall be restored to the January 1, 2008,
3.11 medical assistance fee schedule, updated to include subsequent rate increases in the
3.12 Medicare and medical assistance fee schedules, and including individually priced
3.13 items for the following categories: enteral nutrition and supplies, customized and other
3.14 specialized tracheostomy tubes and supplies, electric patient lifts, and durable medical
3.15 equipment repair and service. This paragraph does not apply to medical supplies and
3.16 durable medical equipment subject to a volume purchase contract, products subject to the
3.17 preferred diabetic testing supply program, and items provided to dually eligible recipients
3.18 when Medicare is the primary payer for the item.

3.19 (j) Notwithstanding section 256B.767 and Minnesota Rules, part 9505.0455, the
3.20 commissioner shall increase by 200 percent medical assistance payments to publicly
3.21 owned critical access hospitals located in Mahnomen County for outpatient hospital facility
3.22 fees, emergency room facility fees, ambulatory surgery hospital fees, emergency services,
3.23 surgery services, basic care services, medical supplies and equipment, and prosthetics and
3.24 orthotics. The increase under this paragraph also applies to laboratory and x-ray services
3.25 performed by the hospitals. The commissioner may not adjust payments made to managed
3.26 care plans and county-based purchasing plans to reflect payments under this paragraph.

3.27 **EFFECTIVE DATE.** This section is effective for services provided on or after
3.28 July 1, 2016.

3.29 **Sec. 3. APPROPRIATION.**

3.30 \$..... in fiscal year 2017 is appropriated from the general fund to the commissioner
3.31 of human services for the purposes of payment rate increases under Minnesota Statutes,
3.32 sections 256.969, subdivision 31, and 256B.766, paragraph (j).