

**SENATE  
STATE OF MINNESOTA  
NINETIETH SESSION**

**S.F. No. 519**

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DATE  
02/02/2017

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Introduction and first reading  
Referred to Health and Human Services Finance and Policy

OFFICIAL STATUS

1.1 A bill for an act  
1.2 relating to human services; exempting intergovernmental transfers and supplemental  
1.3 payments from hospital surcharge; repealing a mandatory intergovernmental  
1.4 transfer; amending Minnesota Statutes 2016, section 256.9657, subdivision 2;  
1.5 repealing Minnesota Statutes 2016, section 256B.19, subdivision 1c.

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

1.7 Section 1. Minnesota Statutes 2016, section 256.9657, subdivision 2, is amended to read:

1.8 Subd. 2. **Hospital surcharge.** (a) Effective October 1, 1992, each Minnesota hospital  
1.9 except facilities of the federal Indian Health Service and regional treatment centers shall  
1.10 pay to the medical assistance account a surcharge equal to 1.4 percent of net patient revenues  
1.11 excluding net Medicare revenues reported by that provider to the health care cost information  
1.12 system according to the schedule in subdivision 4.

1.13 (b) Effective July 1, 1994, the surcharge under paragraph (a) is increased to 1.56 percent.

1.14 (c) Notwithstanding the Medicare cost finding and allowable cost principles, the hospital  
1.15 surcharge is not an allowable cost for purposes of rate setting under sections 256.9685 to  
1.16 256.9695.

1.17 (d) Supplemental payments authorized under sections 256B.196 and 256B.197 and any  
1.18 supplemental payments received by hospitals or providers participating in the program  
1.19 described in section 256B.19, subdivision 1c, are excluded from net patient revenues subject  
1.20 to the surcharge under paragraph (a).

1.21 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
1.22 applies to net patient revenues received on or after July 1, 2016.

2.1      Sec. 2. **REPEALER.**

2.2      Minnesota Statutes 2016, section 256B.19, subdivision 1c, is repealed.

2.3      **EFFECTIVE DATE.** This section is effective the day following final enactment.

**256B.19 DIVISION OF COST.**

Subd. 1c. **Additional portion of nonfederal share.** (a) Hennepin County shall be responsible for a monthly transfer payment of \$1,500,000, due before noon on the 15th of each month and the University of Minnesota shall be responsible for a monthly transfer payment of \$500,000 due before noon on the 15th of each month, beginning July 15, 1995. These sums shall be part of the designated governmental unit's portion of the nonfederal share of medical assistance costs.

(b) Beginning July 1, 2001, Hennepin County's payment under paragraph (a) shall be \$2,066,000 each month.

(c) Beginning July 1, 2001, the commissioner shall increase annual capitation payments to a demonstration provider serving eligible individuals in Hennepin County under section 256B.69 for the prepaid medical assistance program by approximately \$6,800,000 to recognize higher than average medical education costs.

(d) Effective August 1, 2005, Hennepin County's payment under paragraphs (a) and (b) shall be reduced to \$566,000, and the University of Minnesota's payment under paragraph (a) shall be reduced to zero. Effective October 1, 2008, to December 31, 2010, Hennepin County's payment under paragraphs (a) and (b) shall be \$434,688. Effective January 1, 2011, Hennepin County's payment under paragraphs (a) and (b) shall be \$566,000.

(e) Notwithstanding paragraph (d), upon federal enactment of an extension to June 30, 2011, of the enhanced federal medical assistance percentage (FMAP) originally provided under Public Law 111-5, for the six-month period from January 1, 2011, to June 30, 2011, Hennepin County's payment under paragraphs (a) and (b) shall be \$434,688.