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State of Minnesota  
HOUSE OF REPRESENTATIVES  
*First Division Engrossment*

NINETY-SECOND SESSION

H. F. No. **3274**

02/10/2022 Authored by Fischer; Hanson, J.; Reyer; Feist and Franke  
The bill was read for the first time and referred to the Committee on Human Services Finance and Policy

**Division Action**

02/11/2022 Referred by Chair to the Behavioral Health Policy Division  
03/23/2022 Returned to the Committee on Human Services Finance and Policy as Amended

1.1 A bill for an act  
1.2 relating to human services; modifying children's residential treatment; appropriating  
1.3 money; amending Minnesota Statutes 2020, sections 245.4882, by adding a  
1.4 subdivision; 256B.0941, subdivision 3, by adding a subdivision.

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

1.6 Section 1. Minnesota Statutes 2020, section 245.4882, is amended by adding a subdivision  
1.7 to read:

1.8 Subd. 2a. **Assessment requirements.** (a) A residential treatment service provider must  
1.9 complete a diagnostic assessment of a child within ten calendar days of the child's admission.  
1.10 If a diagnostic assessment has been completed by a mental health professional within the  
1.11 past 180 days, a new diagnostic assessment need not be completed unless in the opinion of  
1.12 the current treating mental health professional the child's mental health status has changed  
1.13 markedly since the assessment was completed.

1.14 (b) The service provider must complete the screenings required by Minnesota Rules,  
1.15 part 2960.0070, subpart 5, within ten calendar days.

1.16 Sec. 2. Minnesota Statutes 2020, section 256B.0941, is amended by adding a subdivision  
1.17 to read:

1.18 Subd. 2a. **Sleeping hours.** During normal sleeping hours, a psychiatric residential  
1.19 treatment facility provider must provide at least one staff person for every six residents  
1.20 present within a living unit. A provider must adjust sleeping-hour staffing levels based on  
1.21 the clinical needs of the residents in the facility.

2.1 Sec. 3. Minnesota Statutes 2020, section 256B.0941, subdivision 3, is amended to read:

2.2 Subd. 3. **Per diem rate.** (a) The commissioner must establish one per diem rate per  
2.3 provider for psychiatric residential treatment facility services for individuals 21 years of  
2.4 age or younger. The rate for a provider must not exceed the rate charged by that provider  
2.5 for the same service to other payers. Payment must not be made to more than one entity for  
2.6 each individual for services provided under this section on a given day. The commissioner  
2.7 must set rates prospectively for the annual rate period. The commissioner must require  
2.8 providers to submit annual cost reports on a uniform cost reporting form and must use  
2.9 submitted cost reports to inform the rate-setting process. The cost reporting must be done  
2.10 according to federal requirements for Medicare cost reports.

2.11 (b) The following are included in the rate:

2.12 (1) costs necessary for licensure and accreditation, meeting all staffing standards for  
2.13 participation, meeting all service standards for participation, meeting all requirements for  
2.14 active treatment, maintaining medical records, conducting utilization review, meeting  
2.15 inspection of care, and discharge planning. The direct services costs must be determined  
2.16 using the actual cost of salaries, benefits, payroll taxes, and training of direct services staff  
2.17 and service-related transportation; and

2.18 (2) payment for room and board provided by facilities meeting all accreditation and  
2.19 licensing requirements for participation.

2.20 (c) A facility may submit a claim for payment outside of the per diem for professional  
2.21 services arranged by and provided at the facility by an appropriately licensed professional  
2.22 who is enrolled as a provider with Minnesota health care programs. Arranged services may  
2.23 be billed by either the facility or the licensed professional. These services must be included  
2.24 in the individual plan of care and are subject to prior authorization.

2.25 (d) Medicaid must reimburse for concurrent services as approved by the commissioner  
2.26 to support continuity of care and successful discharge from the facility. "Concurrent services"  
2.27 means services provided by another entity or provider while the individual is admitted to a  
2.28 psychiatric residential treatment facility. Payment for concurrent services may be limited  
2.29 and these services are subject to prior authorization by the state's medical review agent.  
2.30 Concurrent services may include targeted case management, assertive community treatment,  
2.31 clinical care consultation, team consultation, and treatment planning.

2.32 (e) Payment rates under this subdivision must not include the costs of providing the  
2.33 following services:

- 3.1 (1) educational services;
- 3.2 (2) acute medical care or specialty services for other medical conditions;
- 3.3 (3) dental services; and
- 3.4 (4) pharmacy drug costs.

3.5 (f) For purposes of this section, "actual cost" means costs that are allowable, allocable,  
 3.6 reasonable, and consistent with federal reimbursement requirements in Code of Federal  
 3.7 Regulations, title 48, chapter 1, part 31, relating to for-profit entities, and the Office of  
 3.8 Management and Budget Circular Number A-122, relating to nonprofit entities.

3.9 (g) The commissioner shall consult with providers and stakeholders to develop an  
 3.10 assessment tool that identifies when a child with a medical necessity for psychiatric  
 3.11 residential treatment facility level of care will require specialized care planning, including  
 3.12 but not limited to a one-on-one staffing ratio in a living environment. The commissioner  
 3.13 must develop the tool based on clinical and safety review and recommend best uses of the  
 3.14 protocols to align with reimbursement structures.

3.15 **Sec. 4. APPROPRIATION; CHILDREN'S RESIDENTIAL TREATMENT**  
 3.16 **SERVICES.**

3.17 \$2,500,000 in fiscal year 2023 is appropriated from the American Rescue Plan state  
 3.18 fiscal recovery federal fund to the commissioner of human services to provide licensed  
 3.19 children's residential treatment facilities with emergency funding for:

- 3.20 (1) staff overtime;
- 3.21 (2) one-to-one staffing, as needed;
- 3.22 (3) staff recruitment and retention; and
- 3.23 (4) training and related costs to maintain quality staff.

3.24 Up to \$500,000 of this appropriation may be allocated to support group home  
 3.25 organizations supporting children transitioning to lower levels of care. This is a onetime  
 3.26 appropriation.

3.27 **Sec. 5. APPROPRIATION; PSYCHIATRIC RESIDENTIAL TREATMENT**  
 3.28 **FACILITY START-UP GRANTS.**

3.29 \$2,200,000 in fiscal year 2023 is appropriated from the general fund to the commissioner  
 3.30 of human services for psychiatric residential treatment facility start-up grants. Grants may

- 4.1 be awarded to existing or prospective psychiatric residential treatment facility sites. Grant
- 4.2 money may be used for:
- 4.3 (1) administrative expenses;
- 4.4 (2) consulting services;
- 4.5 (3) Health Insurance Portability and Accountability Act of 1996 compliance;
- 4.6 (4) therapeutic resources, including evidence-based, culturally appropriate curricula and
- 4.7 training programs for staff and clients;
- 4.8 (5) allowable physical renovations to the property; and
- 4.9 (6) emergency workforce shortage uses as determined by the commissioner.