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State of Minnesota
HOUSE OF REPRESENTATIVES
NINETIETH SESSION

H. F. No. 1386

02/16/2017 Authored by Albright, Zerwas, Halverson, Peterson and Flanagan
The bill was read for the first time and referred to the Committee on Health and Human Services Reform
03/15/2017 Adoption of Report: Re-referred to the Committee on Health and Human Services Finance

1.1 A bill for an act
1.2 relating to human services; phasing in certain rate reductions for disability waiver
1.3 services; amending Minnesota Statutes 2016, section 256B.4913, subdivision 4a,
1.4 by adding a subdivision.

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

1.6 Section 1. Minnesota Statutes 2016, section 256B.4913, subdivision 4a, is amended to
1.7 read:

1.8 Subd. 4a. **Rate stabilization adjustment.** (a) For purposes of this subdivision,
1.9 "implementation period" means the period beginning January 1, 2014, and ending on the
1.10 last day of the month in which the rate management system is populated with the data
1.11 necessary to calculate rates for substantially all individuals receiving home and
1.12 community-based waiver services under sections 256B.092 and 256B.49. For the purposes
1.13 of this subdivision and subdivision 4b, "banding period" means the time period beginning
1.14 on January 1, 2014, and ending upon the expiration of the 12-month period defined in
1.15 paragraph (c), clause ~~(5)~~ (6).

1.16 (b) For purposes of this subdivision and subdivision 4b, the historical rate for all service
1.17 recipients means the individual reimbursement rate for a recipient in effect on December
1.18 1, 2013, except that:

1.19 (1) for a day service recipient who was not authorized to receive these waiver services
1.20 prior to January 1, 2014; added a new service or services on or after January 1, 2014; or
1.21 changed providers on or after January 1, 2014, the historical rate must be the authorized
1.22 rate for the provider in the county of service, effective December 1, 2013; or

(2) for a unit-based service with programming or a unit-based service without programming recipient who was not authorized to receive these waiver services prior to January 1, 2014; added a new service or services on or after January 1, 2014; or changed providers on or after January 1, 2014, the historical rate must be the weighted average authorized rate for each provider number in the county of service, effective December 1, 2013; or

(3) for residential service recipients who change providers on or after January 1, 2014, the historical rate must be set by each lead agency within their county aggregate budget using their respective methodology for residential services effective December 1, 2013, for determining the provider rate for a similarly situated recipient being served by that provider.

(c) The commissioner shall adjust individual reimbursement rates determined under this section so that the unit rate is no higher or lower than:

(1) 0.5 percent from the historical rate for the implementation period;

(2) 0.5 percent from the rate in effect in clause (1), for the 12-month period immediately following the time period of clause (1);

(3) 0.5 percent from the rate in effect in clause (2), for the 12-month period immediately following the time period of clause (2);

(4) 1.0 percent from the rate in effect in clause (3), for the 12-month period immediately following the time period of clause (3);

(5) 1.0 percent from the rate in effect in clause (4), for the 12-month period immediately following the time period of clause (4); and

(6) no adjustment to the rate in effect in clause (5) for the 12-month period immediately following the time period of clause (5). During this banding ~~rate~~ period, the commissioner shall not enforce any rate decrease or increase that would otherwise result from the end of the banding period. The commissioner shall, upon enactment, seek federal approval for the addition of this banding period.

(d) The commissioner shall review all changes to rates that were in effect on December 1, 2013, to verify that the rates in effect produce the equivalent level of spending and service unit utilization on an annual basis as those in effect on October 31, 2013.

(e) By December 31, 2014, the commissioner shall complete the review in paragraph (d), adjust rates to provide equivalent annual spending, and make appropriate adjustments.

(f) During the banding period, the Medicaid Management Information System (MMIS) service agreement rate must be adjusted to account for change in an individual's need. The commissioner shall adjust the Medicaid Management Information System (MMIS) service agreement rate by:

(1) calculating a service rate under section 256B.4914, subdivision 6, 7, 8, or 9, for the individual with variables reflecting the level of service in effect on December 1, 2013;

(2) calculating a service rate under section 256B.4914, subdivision 6, 7, 8, or 9, for the individual with variables reflecting the updated level of service at the time of application; and

(3) adding to or subtracting from the Medicaid Management Information System (MMIS) service agreement rate, the difference between the values in clauses (1) and (2).

(g) This subdivision must not apply to rates for recipients served by providers new to a given county after January 1, 2014. Providers of personal supports services who also acted as fiscal support entities must be treated as new providers as of January 1, 2014.

Sec. 2. Minnesota Statutes 2016, section 256B.4913, is amended by adding a subdivision to read:

Subd. 4b. **Disability waiver rate system phase-in.** Effective the day following the end of the banding period, the commissioner must phase in individual reimbursement rates for recipients of day services or supported employment services who were receiving a historical rate on July 1, 2017, and whose rates on the day following the end of the banding period would otherwise be reduced by more than one percent. The commissioner shall phase in rates by annually reducing individual reimbursement rates by no more than one percent from the rate in effect on the last day of the banding period until the recipient's rate is equal to the rate the recipient would receive under section 256B.4914 or the rate the recipient would receive for employment services, whichever is applicable. The commissioner shall continue to phase in a recipient's individual reimbursement rate as long as the recipient receives the same or comparable services as the recipient received on December 31, 2018, notwithstanding a change in the classification of a service, the definition of a service, or the license under which the service is provided.