A bill for an act

relating to human services; authorizing a rate increase for publicly owned nursing facilities; requiring a local share of nonfederal medical assistance costs; amending Minnesota Statutes 2008, sections 256B.19, by adding a subdivision; 256B.441, by adding a subdivision.

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

Section 1. Minnesota Statutes 2008, section 256B.19, is amended by adding a subdivision to read:

Subd. 1e. **Additional local share of certain nursing facility costs.** Beginning January 1, 2011, local government entities that own nursing facilities receiving rate adjustments under section 256B.441, subdivision 55a, shall be responsible for paying the portion of nonfederal costs calculated under section 256B.441, subdivision 55a, paragraph (d). Payments of the nonfederal share shall be made monthly to the commissioner in amounts determined in accordance with section 256B.441, subdivision 55a, paragraph (d). Payments for each month beginning in January 2011 through September 2015 shall be due by the 15th day of the following month. If any provider obligated to pay an amount under this subdivision is more than two months delinquent in the timely payment of the monthly installment, the commissioner may withhold payments, penalties, and interest in accordance with the methods outlined in section 256.9657, subdivision 7a.

Sec. 2. Minnesota Statutes 2008, section 256B.441, is amended by adding a subdivision to read:

Subd. 55a. **Alternative to phase-in for publicly owned nursing facilities.** (a) For operating payment rates implemented between January 1, 2011, and September 30, 2015, the commissioner shall allow nursing facilities owned by a city, county, or hospital district

to apply for a higher payment rate under this section if the local government entity agrees to pay a specified portion of the nonfederal share of medical assistance costs. Publicly owned nursing facilities that apply shall be eligible for a payment rate up to the rate calculated in subdivision 54, without application of the phase-in under subdivision 55.

(b) Rates determined under this subdivision shall take effect beginning January 1, 2011, based on cost reports for the rate year ending September 30, 2009, and in future rate years, rates determined for nursing facilities participating under this subdivision shall take effect on October 1 of each year, based on the most recent available cost report.

(c) Eligible nursing facilities that wish to participate under this subdivision shall make an application to the commissioner by September 30, 2010. Participation under this subdivision is irrevocable. If paragraph (a) does not result in a rate greater than what would have been provided without application of this subdivision, a facility's rates shall be calculated as otherwise provided and no payment by the local government entity shall be required under paragraph (d).

(d) For each participating nursing facility, the public entity that owns the nursing facility shall pay to the state the entire nonfederal share of medical assistance payments received as a result of the difference between the nursing facility's payment rate under subdivision 54 and the rate that the nursing facility would otherwise be paid under subdivision 55 as determined by the commissioner.

(e) The commissioner may, at any time, reduce the payments under this subdivision based on the commissioner's determination that the payments shall cause nursing facility rates to exceed the state's Medicare upper payment limit or any other federal limitation. If the commissioner determines a reduction is necessary, the commissioner shall reduce all payment rates for participating nursing facilities by a percentage applied to the amount of increase they would otherwise receive under this subdivision and shall notify participating facilities of the reductions. If payments to a nursing facility are reduced, payments under section 256B.19, subdivision 1e, shall be reduced accordingly.