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State of Minnesota  
**HOUSE OF REPRESENTATIVES**

EIGHTY-NINTH SESSION

**H. F. No. 3688**

03/29/2016 Authored by Schomacker, Peterson and Halverson

The bill was read for the first time and referred to the Committee on Health and Human Services Finance

1.1 A bill for an act  
1.2 relating to human services; modifying the budget neutrality adjustments for  
1.3 the disability waivers rate system; amending Minnesota Statutes 2014, section  
1.4 256B.4914, subdivision 16; Minnesota Statutes 2015 Supplement, section  
1.5 256B.4913, subdivision 4a.

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

1.7 Section 1. Minnesota Statutes 2015 Supplement, section 256B.4913, subdivision 4a,  
1.8 is amended to read:

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

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

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

1.22 (2) for a unit-based service with programming or a unit-based service without  
1.23 programming recipient who was not authorized to receive these waiver services prior to  
1.24 January 1, 2014; added a new service or services on or after January 1, 2014; or changed  
1.25 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) no higher or lower than 0.5 percent from the historical rate for the implementation period;

(2) no higher or lower than 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) no higher or lower than 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) no higher or lower than 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) no higher or lower than 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; and

(7) no lower than 10.0 percent from the historical rate as defined in paragraph (b), for the 12-month period immediately following the time period in clause (6) and thereafter.

(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 2014, section 256B.4914, subdivision 16, is amended to read:

Subd. 16. **Budget neutrality adjustments.** (a) The commissioner shall use the following adjustments to the rate generated by the framework to assure budget neutrality until the rate information is available to implement paragraph (b). The rate generated by the framework shall be multiplied by the appropriate factor, as designated below:

(1) for residential services: 1.003;

(2) for day services: ~~1.000~~ 1.051;

(3) for unit-based services with programming: ~~0.941~~ 1.017; and

(4) for unit-based services without programming: 0.796.

~~(b) Within 12 months of January 1, 2014, the commissioner shall compare estimated spending for all home and community-based waiver services under the new payment rates defined in subdivisions 6 to 9 with estimated spending for the same recipients and services under the rates in effect on July 1, 2013. This comparison must distinguish spending under each of subdivisions 6, 7, 8, and 9. The comparison must be based on actual recipients and services for one or more service months after the new rates have gone into effect. The commissioner shall consult with the commissioner of management and budget on this analysis to ensure budget neutrality. If estimated spending under the new rates for services under one or more subdivisions differs in this comparison by 0.3 percent or more, the commissioner shall assure aggregate budget neutrality across all service areas by adjusting the budget neutrality factor in paragraph (a) in each subdivision so that total estimated spending for each subdivision under the new rates matches estimated spending under the rates in effect on July 1, 2013.~~