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State of Minnesota

HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 2740

03/06/2014 Authored by Mahoney and Kieffer

The bill was read for the first time and referred to the Committee on Jobs and Economic Development Finance and Policy

05/05/2014 Adoption of Report: Amended and re-referred to the Committee on Rules and Legislative Administration

1.1 A bill for an act
1.2 relating to workers' compensation; providing for a diagnosis related group system
1.3 for payment of inpatient hospital services; appropriating money.

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

1.5 Section 1. **TRANSFER.**

1.6 By June 30, 2015, the commissioner of management and budget shall transfer
1.7 \$10,000,000 in assets of the workers' compensation assigned risk plan under Minnesota
1.8 Statutes, section 79.252, to the general fund.

1.9 Sec. 2. **WORKERS' COMPENSATION SYSTEM; DIAGNOSIS RELATED**
1.10 **GROUP SYSTEM; APPROPRIATION.**

1.11 (a) \$10,000,000 in fiscal year 2015 is appropriated from the general fund to
1.12 the commissioner of labor and industry for development and implementation of a
1.13 Medicare-based diagnosis related group (MS-DRG) system for payment of workers'
1.14 compensation inpatient hospital services. Of the amount appropriated, up to \$100,000
1.15 may be used by the commissioner to develop and implement the MS-DRG system. Funds
1.16 available under this section may also be used by the commissioner for rebates to hospitals,
1.17 insurers, and self-insured employers to defray reasonable and necessary costs related
1.18 to implementation of a MS-DRG system or other related system reform. Rebates are
1.19 available only after documentation of the expenditures has been submitted to and accepted
1.20 by the commissioner. Individual rebates to a hospital system, insurer, or self-insured
1.21 employer may not exceed \$..... This is a onetime appropriation and is available until
1.22 June 30, 2017. Notwithstanding Minnesota Statutes, section 16A.28, the commissioner

2.1 of management and budget shall transfer any balance of this appropriation remaining on
2.2 June 30, 2017, to the assigned risk plan.

2.3 (b) For the purposes of this section, reasonable and necessary system reform and
2.4 implementation costs include, but are not limited to:

2.5 (1) the cost of analyzing data to determine the anticipated costs and savings of
2.6 implementing the MS-DRG system;

2.7 (2) the cost of analyzing system or organizational changes necessary for
2.8 implementation;

2.9 (3) the cost of determining how an organization would implement MS-DRG grouper
2.10 software;

2.11 (4) the cost of upgrading existing MS-DRG software or purchasing new MS-DRG
2.12 software and other technology upgrades needed for implementation;

2.13 (5) the cost of educating and training staff about the MS-DRG system as applied
2.14 to workers' compensation; and

2.15 (6) the cost of integrating the MS-DRG grouper software with electronic billing
2.16 and remittance systems.