

CHAPTER 11—H.F.No. 267

An act relating to the military; reducing from two years to one year the number of years the adjutant general of the Minnesota national guard is required to serve as a brigadier general before promotion to major general; amending Minnesota Statutes 1988, section 190.07.

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

Section 1. Minnesota Statutes 1988, section 190.07, is amended read:

190.07 APPOINTMENT; QUALIFICATIONS; RANK.

There shall be an adjutant general of the state who shall be appointed by the governor, who shall be a staff officer, who at the time of appointment shall be a commissioned officer of the national guard of this state, with not less than ten years military service in the armed forces of this state or of the United States, at least three of which shall have been commissioned and who shall have reached the grade of a field officer.

The adjutant general shall hold rank equal to that of the highest rank authorized for the army and air national guard in the table of organization for units allotted to the state by the department of the army, or the department of the air force, or by both such departments, through the national guard bureau. However, the adjutant general shall not be appointed to the rank of major general without having 20 years service in the national guard, of which ~~two years~~ one year has been in the rank of brigadier general.

The adjutant general shall hold office as provided by United States Code, title 32, section 314, as amended through the date of appointment, and shall not be removed from office except upon withdrawal of federal recognition or as otherwise provided by the military laws of this state.

Presented to the governor March 15, 1989

Signed by the governor March 17, 1989, 8:40 a.m.

CHAPTER 12—S.F.No. 644

An act relating to medical assistance for needy persons; proposing changes to the method for calculating a nursing home's property-related payment rate upon refinancing; amending Minnesota Statutes 1988, section 256B.431, subdivisions 3f and 3g.

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

Section 1. Minnesota Statutes 1988, section 256B.431, subdivision 3f, is amended to read:

New language is indicated by underline, deletions by ~~strikeout~~.

Subd. 3f. **PROPERTY COSTS AFTER JULY 1, 1988.** (a) **INVESTMENT PER BED LIMIT.** For the rate year beginning July 1, 1988, the replacement-cost-new per bed limit must be \$32,571 per licensed bed in multiple bedrooms and \$48,857 per licensed bed in a single bedroom. Beginning January 1, 1989, the replacement-cost-new per bed limits must be adjusted annually as specified in Minnesota Rules, part 9549.0060, subpart 4, item A, subitem (1).

(b) **RENTAL FACTOR.** For the rate year beginning July 1, 1988, the commissioner shall increase the rental factor as established in Minnesota Rules, part 9549.0060, subpart 8, item A, by 6.2 percent rounded to the nearest 100th percent for the purpose of reimbursing nursing homes for soft costs and entrepreneurial profits not included in the cost valuation services used by the state's contracted appraisers. For rate years beginning on or after July 1, 1989, the rental factor is the amount determined under this paragraph for the rate year beginning July 1, 1988.

(c) **OCCUPANCY FACTOR.** For rate years beginning on or after July 1, 1988, in order to determine property-related payment rates under Minnesota Rules, part 9549.0060, for all nursing homes except those whose average length of stay in a skilled level of care within a nursing home is 180 days or less, the commissioner shall use 95 percent of capacity days. For a nursing home whose average length of stay in a skilled level of care within a nursing home is 180 days or less, the commissioner shall use the greater of resident days or 80 percent of capacity days but in no event shall the divisor exceed 95 percent of capacity days.

(d) **EQUIPMENT ALLOWANCE.** For rate years beginning on July 1, 1988, and July 1, 1989, the commissioner shall add ten cents per resident per day to each nursing home's property-related payment rate. The ten-cent property-related payment rate increase is not cumulative from rate year to rate year. For the rate year beginning July 1, 1990, the commissioner shall increase each nursing home's equipment allowance as established in Minnesota Rules, part 9549.0060, subpart 10, by ten cents per resident per day. For rate years beginning on or after July 1, 1991, the adjusted equipment allowance must be adjusted annually for inflation as in Minnesota Rules, part 9549.0060, subpart 10, item E.

(e) **REFINANCING.** If a nursing home is refinanced, the commissioner shall adjust the nursing home's property-related payment rate for the savings that result from refinancing. The adjustment to the property-related payment rate must be as follows:

(1) The commissioner shall recalculate the nursing home's rental per diem by substituting the new allowable annual principle and interest payments for those of the refinanced debt.

(2) The nursing home's property-related payment rate must be decreased by the difference between the nursing home's current rental per diem and the rental per diem determined under clause (1).

New language is indicated by underline, deletions by ~~strikeout~~.

If a nursing home payment rate is adjusted according to this paragraph, the adjusted payment rate is effective the first of the month following the date of the refinancing for both medical assistance and private paying residents. The nursing home's adjusted property-related payment rate is effective until June 30, 1990.

Sec. 2. Minnesota Statutes 1988, section 256B.431, subdivision 3g, is amended to read:

Subd. 3g. **PROPERTY COSTS AFTER JULY 1, 1990, FOR CERTAIN FACILITIES.** (a) For rate years beginning on or after July 1, 1990, non-hospital-attached nursing homes that, on or after January 1, 1976, but prior to December 31, 1985, were newly licensed after new construction, or increased their licensed beds by a minimum of 35 percent through new construction, and whose building capital allowance is less than their allowable annual principal and interest on allowable debt prior to the application of the replacement-cost-new per bed limit and whose remaining weighted average debt amortization schedule as of January 1, 1988, exceeded 15 years, must receive a property-related payment rate equal to the greater of their rental per diem or their annual allowable principal and allowable interest without application of the replacement-cost-new per bed limit, divided by their capacity days as determined under Minnesota Rules, part 9549.0060, subpart 11, as modified by subdivision 3f, paragraph (c), for the preceding reporting year, plus their equipment allowance. A nursing home that is eligible for a property-related payment rate under this subdivision and whose property-related payment rate in a subsequent rate year is its rental per diem must continue to have its property-related payment rates established for all future rate years based on the rental reimbursement method in Minnesota Rules, part 9549.0060.

The commissioner may require the nursing home to apply for refinancing as a condition of receiving special rate treatment under this subdivision.

(b) If a nursing home is eligible for a property-related payment rate under this subdivision, and the nursing home's debt is refinanced after October 1, 1988, the provisions in paragraphs (1) to (7) also apply to the property-related payment rate for rate years beginning on or after July 1, 1990.

(1) A nursing home's refinancing must not include debts with balloon payments.

(2) If the issuance costs, including issuance costs on the debt refinanced, are financed as part of the refinancing, the historical cost of capital assets limit in Minnesota Rules, part 9549.0060, subpart 5, item A, subitem (6), includes issuance costs that do not exceed seven percent of the debt refinanced, plus the related issuance costs. For purposes of this paragraph, issuance costs means the fees charged by the underwriter, issuer, attorneys, bond raters, appraisers, and trustees, and includes the cost of printing, title insurance, registration tax, and a feasibility study for the refinancing of a nursing home's debt. Issuance costs do not include bond premiums or discounts when bonds are sold at other than their par value, points, or a bond reserve fund. To the extent otherwise allowed under this paragraph, the straight-line amortization of the refinancing issuance costs is not an allowable cost.

New language is indicated by underline, deletions by ~~strikeout~~.

(3) The annual principal and interest expense payments and any required annual municipal fees on the nursing home's refinancing replace those of the refinanced debt and, together with annual principal and interest payments on other allowable debts, are allowable costs subject to the limitation on historical cost of capital assets plus issuance costs as limited in paragraph (2), if any.

(4) If the nursing home's refinancing includes zero coupon bonds, the commissioner shall establish a monthly debt service payment schedule based on an annuity that will produce an amount equal to the zero coupon bonds at maturity. The term and interest rate is the term and interest rate of the zero coupon bonds. Any refinancing to repay the zero coupon bonds is not an allowable cost.

(5) The annual amount of annuity payments is added to the nursing home's allowable annual principal and interest payment computed in paragraph (3).

(6) The property-related payment rate is equal to the amount in paragraph (5), divided by the nursing home's capacity days as determined under Minnesota Rules, part 9549.0060, subpart 11, as modified by subdivision 3f, paragraph (c), for the preceding reporting year plus an equipment allowance.

(7) Except as provided in this subdivision, the provisions of Minnesota Rules, part 9549.0060 apply.

Sec. 3. NOTIFICATION OF NURSING HOMES.

Within five working days after final enactment of this act, the commissioner of human services shall notify all nursing homes that are potentially eligible for a property-rate adjustment under section 2 of the provisions of this act.

Sec. 4. EFFECTIVE DATE.

Sections 1 to 3 are effective the day following final enactment.

Presented to the governor March 17, 1989

Signed by the governor March 17, 1989, 1:30 p.m.

CHAPTER 13—H.F.No. 148

An act relating to local government; permitting the counties of Washington and Anoka to establish certain payment procedures.

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

Section 1. WASHINGTON COUNTY; PAYMENTS.

The Washington county board may provide procedures for the payment of all or any class of county obligations by the county auditor-treasurer without presentation to the board. The procedures shall include regular and frequent review of the auditor-treasurer's actions by the board.

New language is indicated by underline, deletions by ~~strikeout~~.