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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 1634

03/09/2015 Authored by Baker, Schoen, Zerwas, Liebling, Hamilton and others
The bill was read for the first time and referred to the Committee on Health and Human Services Reform
03/26/2015 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; increasing payment rates for certain services provided
1.3 by a hospital that specializes in the treatment of cerebral palsy and other
1.4 conditions; amending Minnesota Statutes 2014, sections 256B.76, subdivision 1;
1.5 256B.766; 256B.767.

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

1.7 Section 1. Minnesota Statutes 2014, section 256B.76, subdivision 1, is amended to read:

1.8 Subdivision 1. **Physician reimbursement.** (a) Effective for services rendered on
1.9 or after October 1, 1992, the commissioner shall make payments for physician services
1.10 as follows:

1.11 (1) payment for level one Centers for Medicare and Medicaid Services' common
1.12 procedural coding system codes titled "office and other outpatient services," "preventive
1.13 medicine new and established patient," "delivery, antepartum, and postpartum care,"
1.14 "critical care," cesarean delivery and pharmacologic management provided to psychiatric
1.15 patients, and level three codes for enhanced services for prenatal high risk, shall be paid
1.16 at the lower of (i) submitted charges, or (ii) 25 percent above the rate in effect on June
1.17 30, 1992. If the rate on any procedure code within these categories is different than the
1.18 rate that would have been paid under the methodology in section 256B.74, subdivision 2,
1.19 then the larger rate shall be paid;

1.20 (2) payments for all other services shall be paid at the lower of (i) submitted charges,
1.21 or (ii) 15.4 percent above the rate in effect on June 30, 1992; and

1.22 (3) all physician rates shall be converted from the 50th percentile of 1982 to the 50th
1.23 percentile of 1989, less the percent in aggregate necessary to equal the above increases
1.24 except that payment rates for home health agency services shall be the rates in effect
1.25 on September 30, 1992.

2.1 (b) Effective for services rendered on or after January 1, 2000, payment rates for
2.2 physician and professional services shall be increased by three percent over the rates
2.3 in effect on December 31, 1999, except for home health agency and family planning
2.4 agency services. The increases in this paragraph shall be implemented January 1, 2000,
2.5 for managed care.

2.6 (c) Effective for services rendered on or after July 1, 2009, payment rates for
2.7 physician and professional services shall be reduced by five percent, except that for the
2.8 period July 1, 2009, through June 30, 2010, payment rates shall be reduced by 6.5 percent
2.9 for the medical assistance and general assistance medical care programs, over the rates in
2.10 effect on June 30, 2009. This reduction and the reductions in paragraph (d) do not apply
2.11 to office or other outpatient visits, preventive medicine visits and family planning visits
2.12 billed by physicians, advanced practice nurses, or physician assistants in a family planning
2.13 agency or in one of the following primary care practices: general practice, general internal
2.14 medicine, general pediatrics, general geriatrics, and family medicine. This reduction
2.15 and the reductions in paragraph (d) do not apply to federally qualified health centers,
2.16 rural health centers, and Indian health services. Effective October 1, 2009, payments
2.17 made to managed care plans and county-based purchasing plans under sections 256B.69,
2.18 256B.692, and 256L.12 shall reflect the payment reduction described in this paragraph.

2.19 (d) Effective for services rendered on or after July 1, 2010, payment rates for
2.20 physician and professional services shall be reduced an additional seven percent over
2.21 the five percent reduction in rates described in paragraph (c). This additional reduction
2.22 does not apply to physical therapy services, occupational therapy services, and speech
2.23 pathology and related services provided on or after July 1, 2010. This additional reduction
2.24 does not apply to physician services billed by a psychiatrist or an advanced practice nurse
2.25 with a specialty in mental health. Effective October 1, 2010, payments made to managed
2.26 care plans and county-based purchasing plans under sections 256B.69, 256B.692, and
2.27 256L.12 shall reflect the payment reduction described in this paragraph.

2.28 (e) Effective for services rendered on or after September 1, 2011, through June 30,
2.29 2013, payment rates for physician and professional services shall be reduced three percent
2.30 from the rates in effect on August 31, 2011. This reduction does not apply to physical
2.31 therapy services, occupational therapy services, and speech pathology and related services.

2.32 (f) Effective for services rendered on or after September 1, 2014, payment rates for
2.33 physician and professional services, including physical therapy, occupational therapy,
2.34 speech pathology, and mental health services shall be increased by five percent from the
2.35 rates in effect on August 31, 2014. In calculating this rate increase, the commissioner
2.36 shall not include in the base rate for August 31, 2014, the rate increase provided under

3.1 section 256B.76, subdivision 7. This increase does not apply to federally qualified health
3.2 centers, rural health centers, and Indian health services. Payments made to managed
3.3 care plans and county-based purchasing plans shall not be adjusted to reflect payments
3.4 under this paragraph.

3.5 (g) Effective for services rendered on or after July 1, 2015, payment rates for
3.6 physical therapy, occupational therapy, and speech pathology and related services provided
3.7 by a hospital meeting the criteria specified in section 62Q.19, subdivision 1, paragraph
3.8 (a), clause (4), shall be increased by 90 percent from the rates in effect on June 30, 2015.
3.9 Payments made to managed care plans and county-based purchasing plans shall not be
3.10 adjusted to reflect payments under this paragraph.

3.11 Sec. 2. Minnesota Statutes 2014, section 256B.766, is amended to read:

3.12 **256B.766 REIMBURSEMENT FOR BASIC CARE SERVICES.**

3.13 (a) Effective for services provided on or after July 1, 2009, total payments for basic
3.14 care services, shall be reduced by three percent, except that for the period July 1, 2009,
3.15 through June 30, 2011, total payments shall be reduced by 4.5 percent for the medical
3.16 assistance and general assistance medical care programs, prior to third-party liability and
3.17 spenddown calculation. Effective July 1, 2010, the commissioner shall classify physical
3.18 therapy services, occupational therapy services, and speech-language pathology and
3.19 related services as basic care services. The reduction in this paragraph shall apply to
3.20 physical therapy services, occupational therapy services, and speech-language pathology
3.21 and related services provided on or after July 1, 2010.

3.22 (b) Payments made to managed care plans and county-based purchasing plans shall
3.23 be reduced for services provided on or after October 1, 2009, to reflect the reduction
3.24 effective July 1, 2009, and payments made to the plans shall be reduced effective October
3.25 1, 2010, to reflect the reduction effective July 1, 2010.

3.26 (c) Effective for services provided on or after September 1, 2011, through June 30,
3.27 2013, total payments for outpatient hospital facility fees shall be reduced by five percent
3.28 from the rates in effect on August 31, 2011.

3.29 (d) Effective for services provided on or after September 1, 2011, through June
3.30 30, 2013, total payments for ambulatory surgery centers facility fees, medical supplies
3.31 and durable medical equipment not subject to a volume purchase contract, prosthetics
3.32 and orthotics, renal dialysis services, laboratory services, public health nursing services,
3.33 physical therapy services, occupational therapy services, speech therapy services,
3.34 eyeglasses not subject to a volume purchase contract, hearing aids not subject to a volume

4.1 purchase contract, and anesthesia services shall be reduced by three percent from the
4.2 rates in effect on August 31, 2011.

4.3 (e) Effective for services provided on or after September 1, 2014, payments
4.4 for ambulatory surgery centers facility fees, hospice services, renal dialysis services,
4.5 laboratory services, public health nursing services, eyeglasses not subject to a volume
4.6 purchase contract, and hearing aids not subject to a volume purchase contract shall be
4.7 increased by three percent and payments for outpatient hospital facility fees shall be
4.8 increased by three percent. Payments made to managed care plans and county-based
4.9 purchasing plans shall not be adjusted to reflect payments under this paragraph.

4.10 (f) Payments for medical supplies and durable medical equipment not subject to a
4.11 volume purchase contract, and prosthetics and orthotics, provided on or after July 1,
4.12 2014, through June 30, 2015, shall be decreased by .33 percent. Payments for medical
4.13 supplies and durable medical equipment not subject to a volume purchase contract, and
4.14 prosthetics and orthotics, provided on or after July 1, 2015, shall be increased by three
4.15 percent from the rates in effect on June 30, 2014.

4.16 (g) Effective for services provided on or after July 1, 2015, payments for outpatient
4.17 hospital facility fees, medical supplies and durable medical equipment not subject to a
4.18 volume purchase contract, prosthetics and orthotics, and laboratory services to a hospital
4.19 meeting the criteria specified in section 62Q.19, subdivision 1, paragraph (a), clause (4),
4.20 shall be increased by 90 percent from the rates in effect on June 30, 2015. Payments made
4.21 to managed care plans and county-based purchasing plans shall not be adjusted to reflect
4.22 payments under this paragraph.

4.23 (h) This section does not apply to physician and professional services, inpatient
4.24 hospital services, family planning services, mental health services, dental services,
4.25 prescription drugs, medical transportation, federally qualified health centers, rural health
4.26 centers, Indian health services, and Medicare cost-sharing.

4.27 Sec. 3. Minnesota Statutes 2014, section 256B.767, is amended to read:

4.28 **256B.767 MEDICARE PAYMENT LIMIT.**

4.29 (a) Effective for services rendered on or after July 1, 2010, fee-for-service payment
4.30 rates for physician and professional services under section 256B.76, subdivision 1, and
4.31 basic care services subject to the rate reduction specified in section 256B.766, shall not
4.32 exceed the Medicare payment rate for the applicable service, as adjusted for any changes
4.33 in Medicare payment rates after July 1, 2010. The commissioner shall implement this
4.34 section after any other rate adjustment that is effective July 1, 2010, and shall reduce rates
4.35 under this section by first reducing or eliminating provider rate add-ons.

5.1 (b) This section does not apply to services provided by advanced practice certified
5.2 nurse midwives licensed under chapter 148 or traditional midwives licensed under chapter
5.3 147D. Notwithstanding this exemption, medical assistance fee-for-service payment rates
5.4 for advanced practice certified nurse midwives and licensed traditional midwives shall
5.5 equal and shall not exceed the medical assistance payment rate to physicians for the
5.6 applicable service.

5.7 (c) This section does not apply to mental health services or physician services billed
5.8 by a psychiatrist or an advanced practice registered nurse with a specialty in mental health.

5.9 (d) Effective for durable medical equipment, prosthetics, orthotics, or supplies
5.10 provided on or after July 1, 2013, through June 30, 2015, the payment rate for items
5.11 that are subject to the rates established under Medicare's National Competitive Bidding
5.12 Program shall be equal to the rate that applies to the same item when not subject to the
5.13 rate established under Medicare's National Competitive Bidding Program. This paragraph
5.14 does not apply to mail-order diabetic supplies and does not apply to items provided to
5.15 dually eligible recipients when Medicare is the primary payer of the item.

5.16 (e) This section does not apply to physical therapy, occupational therapy, speech
5.17 pathology and related services, and basic care services provided by a hospital meeting the
5.18 criteria specified in section 62Q.19, subdivision 1, paragraph (a), clause (4).