

State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 2260

02/25/2014 Authored by Fritz

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

1.1 A bill for an act  
1.2 relating to human services; providing rate increases for nursing facilities;  
1.3 amending Minnesota Statutes 2012, sections 256B.434, by adding a subdivision;  
1.4 256B.441, by adding a subdivision.

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

1.6 Section 1. Minnesota Statutes 2012, section 256B.434, is amended by adding a  
1.7 subdivision to read:

1.8 Subd. 19c. **Rate adjustments beginning October 1, 2014.** (a) A total of a five  
1.9 percent average rate adjustment shall be provided as described under this subdivision and  
1.10 under section 256B.441, subdivision 46d.

1.11 (b) Beginning October 1, 2014, the commissioner shall make available to each  
1.12 nursing facility reimbursed under this section a 3.75 percent operating payment rate  
1.13 increase, in accordance with paragraphs (c) to (h).

1.14 (c) Seventy-five percent of the money resulting from the rate adjustment under  
1.15 paragraph (b) must be used for increases in compensation-related costs for employees  
1.16 directly employed by the nursing facility on or after the effective date of the rate  
1.17 adjustment, except:

1.18 (1) the administrator;

1.19 (2) persons employed in the central office of a corporation that has an ownership  
1.20 interest in the nursing facility or exercises control over the nursing facility; and

1.21 (3) persons paid by the nursing facility under a management contract.

1.22 (d) The commissioner shall allow as compensation-related costs all costs for:

1.23 (1) wage and salary increases effective after May 25, 2014;

2.1 (2) the employer's share of FICA taxes, Medicare taxes, state and federal  
2.2 unemployment taxes, and workers' compensation;

2.3 (3) the employer's share of health and dental insurance, life insurance, disability  
2.4 insurance, long-term care insurance, uniform allowance, and pensions; and

2.5 (4) other benefits provided and workforce needs, including the recruiting and  
2.6 training of employees, subject to the approval of the commissioner.

2.7 (e) The portion of the rate adjustment under paragraph (b) that is not subject to the  
2.8 requirements of paragraph (c) shall be provided to nursing facilities effective October 1,  
2.9 2014. Nursing facilities may apply for the portion of the rate adjustment under paragraph  
2.10 (b) that is subject to the requirements of paragraph (c). The application must be submitted  
2.11 to the commissioner within six months of the effective date of the rate adjustment, and  
2.12 the nursing facility must provide additional information required by the commissioner  
2.13 within nine months of the effective date of the rate adjustment. The commissioner must  
2.14 respond to all applications within three weeks of receipt. The commissioner may waive  
2.15 the deadlines in this paragraph under extraordinary circumstances, to be determined at the  
2.16 sole discretion of the commissioner. The application must contain:

2.17 (1) an estimate of the amounts of money that must be used as specified in paragraph  
2.18 (c);

2.19 (2) a detailed distribution plan specifying the allowable compensation-related  
2.20 increases the nursing facility will implement to use the funds available in clause (1);

2.21 (3) a description of how the nursing facility will notify eligible employees of  
2.22 the contents of the approved application, which must provide for giving each eligible  
2.23 employee a copy of the approved application, excluding the information required in clause  
2.24 (1), or posting a copy of the approved application, excluding the information required in  
2.25 clause (1), for a period of at least six weeks in an area of the nursing facility to which all  
2.26 eligible employees have access; and

2.27 (4) instructions for employees who believe they have not received the  
2.28 compensation-related increases specified in clause (2), as approved by the commissioner,  
2.29 and which must include a mailing address, e-mail address, and telephone number that may  
2.30 be used by the employee to contact the commissioner or the commissioner's representative.

2.31 (f) The commissioner shall ensure that cost increases in distribution plans under  
2.32 paragraph (e), clause (2), that may be included in approved applications, comply with the  
2.33 following requirements:

2.34 (1) a portion of the costs resulting from tenure-related wage or salary increases  
2.35 may be considered to be allowable wage increases, according to formulas that the

commissioner shall provide, where employee retention is above the average statewide rate of retention of direct-care employees;

(2) the annualized amount of increases in costs for the employer's share of health and dental insurance, life insurance, disability insurance, and workers' compensation shall be allowable compensation-related increases if they are effective on or after April 1, 2014, and prior to April 1, 2015; and

(3) for nursing facilities in which employees are represented by an exclusive bargaining representative, the commissioner shall approve the application only upon receipt of a letter of acceptance of the distribution plan, in regard to members of the bargaining unit, signed by the exclusive bargaining agent, and dated after May 25, 2014. Upon receipt of the letter of acceptance, the commissioner shall deem all requirements of this clause as having been met in regard to the members of the bargaining unit.

(g) The commissioner shall review applications received under paragraph (e) and shall provide the portion of the rate adjustment under paragraph (c) if the requirements of this subdivision have been met. The rate adjustment shall be effective October 1, 2014. Notwithstanding paragraph (b), if the approved application distributes less money than is available, the amount of the rate adjustment shall be reduced so that the amount of money made available is equal to the amount to be distributed.

(h) The increase in this subdivision shall be applied as a percentage to operating payment rates in effect on September 30, 2014. For each facility, the commissioner shall determine the operating payment rate, not including any rate components resulting from equitable cost-sharing for publicly owned nursing facility program participation under section 256B.441, subdivision 55a, or performance-based incentive payment program participation under subdivision 4, paragraph (d), for a RUG class with a weight of 1.00 in effect on September 30, 2014.

Sec. 2. Minnesota Statutes 2012, section 256B.441, is amended by adding a subdivision to read:

**Subd. 46d. Calculation of quality add-on, with an average value of 1.25 percent, effective October 1, 2014.** (a) The commissioner shall determine quality add-ons to the operating payment rates for each facility. The increase in this subdivision shall be applied as a percentage to operating payment rates in effect on September 30, 2014. For each facility, the commissioner shall determine the operating payment rate, not including any rate components resulting from equitable cost-sharing for publicly owned nursing facility program participation under subdivision 55a, or performance-based incentive payment

4.1 program participation under section 256B.434, subdivision 4, paragraph (d), for a RUG  
4.2 class with a weight of 1.00 in effect on September 30, 2014.

4.3 (b) For each facility, the commissioner shall compute a quality factor by subtracting  
4.4 40 from the most recent quality score computed under subdivision 44, and then dividing  
4.5 by 60. If the quality factor is less than zero, the commissioner shall use the value zero.

4.6 (c) The quality add-ons shall be the operating payment rates determined in paragraph  
4.7 (a), multiplied by the quality factor determined in paragraph (b), and then multiplied by 3.2  
4.8 percent. The commissioner shall implement the quality add-ons effective October 1, 2014.