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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. **258**

01/22/2019 Authored by Lien and Marquart

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

02/14/2019 Adoption of Report: Amended and re-referred to the Committee on Ways and Means

1.1 A bill for an act

1.2 relating to human services; modifying the external fixed cost payment rate for

1.3 certain nonprofit nursing facilities in border cities; amending Minnesota Statutes

1.4 2018, sections 256R.02, subdivision 19; 256R.25; proposing coding for new law

1.5 in Minnesota Statutes, chapter 256R; repealing Minnesota Statutes 2018, section

1.6 256R.53, subdivision 2.

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

1.8 Section 1. Minnesota Statutes 2018, section 256R.02, subdivision 19, is amended to read:

1.9 Subd. 19. **External fixed costs.** "External fixed costs" means costs related to the nursing

1.10 home surcharge under section 256.9657, subdivision 1; licensure fees under section 144.122;

1.11 family advisory council fee under section 144A.33; scholarships under section 256R.37;

1.12 planned closure rate adjustments under section 256R.40; consolidation rate adjustments

1.13 under section 144A.071, subdivisions 4c, paragraph (a), clauses (5) and (6), and 4d;

1.14 single-bed room incentives under section 256R.41; property taxes, assessments, and payments

1.15 in lieu of taxes; employer health insurance costs; quality improvement incentive payment

1.16 rate adjustments under section 256R.39; performance-based incentive payments under

1.17 section 256R.38; special dietary needs under section 256R.51; rate add-ons for border city

1.18 facilities under section 256R.481; rate adjustments for compensation-related costs for

1.19 minimum wage changes under section 256R.49 provided on or after January 1, 2018; and

1.20 Public Employees Retirement Association employer costs.

2.1 Sec. 2. Minnesota Statutes 2018, section 256R.25, is amended to read:

2.2 **256R.25 EXTERNAL FIXED COSTS PAYMENT RATE.**

2.3 (a) The payment rate for external fixed costs is the sum of the amounts in paragraphs
2.4 (b) to ~~(n)~~ (o).

2.5 (b) For a facility licensed as a nursing home, the portion related to the provider surcharge
2.6 under section 256.9657 is equal to \$8.86 per resident day. For a facility licensed as both a
2.7 nursing home and a boarding care home, the portion related to the provider surcharge under
2.8 section 256.9657 is equal to \$8.86 per resident day multiplied by the result of its number
2.9 of nursing home beds divided by its total number of licensed beds.

2.10 (c) The portion related to the licensure fee under section 144.122, paragraph (d), is the
2.11 amount of the fee divided by the sum of the facility's resident days.

2.12 (d) The portion related to development and education of resident and family advisory
2.13 councils under section 144A.33 is \$5 per resident day divided by 365.

2.14 (e) The portion related to scholarships is determined under section 256R.37.

2.15 (f) The portion related to planned closure rate adjustments is as determined under section
2.16 256R.40, subdivision 5, and Minnesota Statutes 2010, section 256B.436.

2.17 (g) The portion related to consolidation rate adjustments shall be as determined under
2.18 section 144A.071, subdivisions 4c, paragraph (a), clauses (5) and (6), and 4d.

2.19 (h) The portion related to single-bed room incentives is as determined under section
2.20 256R.41.

2.21 (i) The portions related to real estate taxes, special assessments, and payments made in
2.22 lieu of real estate taxes directly identified or allocated to the nursing facility are the actual
2.23 amounts divided by the sum of the facility's resident days. Allowable costs under this
2.24 paragraph for payments made by a nonprofit nursing facility that are in lieu of real estate
2.25 taxes shall not exceed the amount which the nursing facility would have paid to a city or
2.26 township and county for fire, police, sanitation services, and road maintenance costs had
2.27 real estate taxes been levied on that property for those purposes.

2.28 (j) The portion related to employer health insurance costs is the allowable costs divided
2.29 by the sum of the facility's resident days.

2.30 (k) The portion related to the Public Employees Retirement Association is actual costs
2.31 divided by the sum of the facility's resident days.

3.1 (l) The portion related to quality improvement incentive payment rate adjustments is
3.2 the amount determined under section 256R.39.

3.3 (m) The portion related to performance-based incentive payments is the amount
3.4 determined under section 256R.38.

3.5 (n) The portion related to special dietary needs is the amount determined under section
3.6 256R.51.

3.7 (o) The portion related to the rate adjustments for border city facilities is the amount
3.8 determined under section 256R.481.

3.9 Sec. 3. **[256R.481] RATE ADJUSTMENTS FOR BORDER CITY FACILITIES.**

3.10 (a) The commissioner shall allow each nonprofit nursing facility located within the
3.11 boundaries of the city of Breckenridge or Moorhead prior to January 1, 2015, to apply once
3.12 annually for a rate add-on to the facility's external fixed costs payment rate.

3.13 (b) A facility seeking an add-on to its external fixed costs payment rate under this section
3.14 must apply annually to the commissioner to receive the add-on. A facility must submit the
3.15 application within 60 calendar days of the effective date of any add-on under this section.
3.16 The commissioner may waive the deadlines required by this paragraph under extraordinary
3.17 circumstances.

3.18 (c) The commissioner shall provide the add-on to each eligible facility that applies by
3.19 the application deadline.

3.20 (d) The add-on to the external fixed costs payment rate is the difference on January 1
3.21 of the median total payment rate for case mix classification PA1 of the nonprofit facilities
3.22 located in an adjacent city in another state and in cities contiguous to the adjacent city minus
3.23 the eligible nursing facility's total payment rate for case mix classification PA1 as determined
3.24 under section 256R.22, subdivision 4.

3.25 **EFFECTIVE DATE.** The add-on to the external fixed costs payment rate described in
3.26 Minnesota Statutes, section 256R.481, is available for the rate years beginning on and after
3.27 January 1, 2021.

3.28 Sec. 4. **REPEALER.**

3.29 Minnesota Statutes 2018, section 256R.53, subdivision 2, is repealed effective December
3.30 31, 2020.

256R.53 FACILITY SPECIFIC EXEMPTIONS.

Subd. 2. **Nursing facility in Breckenridge.** The operating payment rate of a nonprofit nursing facility that exists on January 1, 2015, is located within the boundaries of the city of Breckenridge, and is reimbursed under this chapter, is equal to the greater of:

(1) the operating payment rate determined under section 256R.21, subdivision 3; or

(2) the median case mix adjusted rates, including comparable rate components as determined by the median case mix adjusted rates, including comparable rate components as determined by the commissioner, for the equivalent case mix indices of the nonprofit nursing facility or facilities located in an adjacent city in another state and in cities contiguous to the adjacent city. The Minnesota facility's operating payment rate with a case mix index of 1.0 is computed by dividing the adjacent city's nursing facility or facilities' median operating payment rate with an index of 1.02 by 1.02.