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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 2841

03/06/2014 Authored by Morgan, Kahn, Abeler, Mack and Ward, J.A.,
The bill was read for the first time and referred to the Committee on Health and Human Services Finance

1.1 A bill for an act
1.2 relating to human services; adding university-affiliated children's hospitals to the
1.3 list of facilities excluded from fee-for-service payment rate reductions; amending
1.4 Minnesota Statutes 2012, section 256.969, subdivision 3c.

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

1.6 Section 1. Minnesota Statutes 2012, section 256.969, subdivision 3c, is amended to read:

1.7 Subd. 3c. **Rateable reduction and readmissions reduction.** (a) The total payment
1.8 for fee for service admissions occurring on or after September 1, 2011, through June 30,
1.9 2015, made to hospitals for inpatient services before third-party liability and spenddown,
1.10 is reduced ten percent from the current statutory rates. Facilities defined under subdivision
1.11 16, long-term hospitals as determined under the Medicare program, children's hospitals
1.12 and university-affiliated children's hospitals whose inpatients are predominantly under 18
1.13 years of age, and payments under managed care are excluded from this paragraph.

1.14 (b) Effective for admissions occurring during calendar year 2010 and each year
1.15 after, the commissioner shall calculate a regional readmission rate for admissions to all
1.16 hospitals occurring within 30 days of a previous discharge. The commissioner may
1.17 adjust the readmission rate taking into account factors such as the medical relationship,
1.18 complicating conditions, and sequencing of treatment between the initial admission and
1.19 subsequent readmissions.

1.20 (c) Effective for payments to all hospitals on or after July 1, 2013, through June 30,
1.21 2015, the reduction in paragraph (a) is reduced one percentage point for every percentage
1.22 point reduction in the overall readmissions rate between the two previous calendar years
1.23 to a maximum of five percent.

- 2.1 (d) The payment rate reduction exclusion in paragraph (a) for university-affiliated
- 2.2 children's hospitals is effective for admissions occurring on or after July 1, 2012.

- 2.3 **EFFECTIVE DATE.** This section is effective retroactively from July 1, 2012.