

**SENATE**  
**STATE OF MINNESOTA**  
**NINETIETH SESSION**

**S.F. No. 1208**

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OFFICIAL STATUS  
Introduction and first reading  
Referred to Health and Human Services Finance and Policy

1.1 A bill for an act  
1.2 relating to human services; allowing commissioner of human services to negotiate  
1.3 payment rates for medical supply and durable medical equipment items with new  
1.4 or modified billing codes; amending Minnesota Statutes 2016, section 256B.766.

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

1.6 Section 1. Minnesota Statutes 2016, section 256B.766, is amended to read:

1.7 **256B.766 REIMBURSEMENT FOR BASIC CARE SERVICES.**

1.8 (a) Effective for services provided on or after July 1, 2009, total payments for basic care  
1.9 services, shall be reduced by three percent, except that for the period July 1, 2009, through  
1.10 June 30, 2011, total payments shall be reduced by 4.5 percent for the medical assistance  
1.11 and general assistance medical care programs, prior to third-party liability and spenddown  
1.12 calculation. Effective July 1, 2010, the commissioner shall classify physical therapy services,  
1.13 occupational therapy services, and speech-language pathology and related services as basic  
1.14 care services. The reduction in this paragraph shall apply to physical therapy services,  
1.15 occupational therapy services, and speech-language pathology and related services provided  
1.16 on or after July 1, 2010.

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

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

(d) Effective for services provided on or after September 1, 2011, through June 30, 2013, total payments for ambulatory surgery centers facility fees, medical supplies and durable medical equipment not subject to a volume purchase contract, prosthetics and orthotics, renal dialysis services, laboratory services, public health nursing services, physical therapy services, occupational therapy services, speech therapy services, eyeglasses not subject to a volume purchase contract, hearing aids not subject to a volume purchase contract, and anesthesia services shall be reduced by three percent from the rates in effect on August 31, 2011.

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

(f) Payments for medical supplies and durable medical equipment not subject to a volume purchase contract, and prosthetics and orthotics, provided on or after July 1, 2014, through June 30, 2015, shall be decreased by .33 percent. Payments for medical supplies and durable medical equipment not subject to a volume purchase contract, and prosthetics and orthotics, provided on or after July 1, 2015, shall be increased by three percent from the rates as determined under paragraphs (i) and (j).

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

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

(i) Effective for services provided on or after July 1, 2015, the following categories of medical supplies and durable medical equipment shall be individually priced items: enteral

nutrition and supplies, customized and other specialized tracheostomy tubes and supplies, electric patient lifts, and durable medical equipment repair and service. The commissioner may individually price medical supply and durable medical equipment items, including items not included in the categories specifically listed in this paragraph, by establishing a negotiated payment rate, if the billing code for the item was introduced or modified on or after January 1, 2016. This paragraph does not apply to medical supplies and durable medical equipment subject to a volume purchase contract, products subject to the preferred diabetic testing supply program, and items provided to dually eligible recipients when Medicare is the primary payer for the item. The commissioner shall not apply any medical assistance rate reductions to durable medical equipment as a result of Medicare competitive bidding.

(j) Effective for services provided on or after July 1, 2015, medical assistance payment rates for durable medical equipment, prosthetics, orthotics, or supplies shall be increased as follows:

(1) payment rates for durable medical equipment, prosthetics, orthotics, or supplies that were subject to the Medicare competitive bid that took effect in January of 2009 shall be increased by 9.5 percent; and

(2) payment rates for durable medical equipment, prosthetics, orthotics, or supplies on the medical assistance fee schedule, whether or not subject to the Medicare competitive bid that took effect in January of 2009, shall be increased by 2.94 percent, with this increase being applied after calculation of any increased payment rate under clause (1).

This paragraph does not apply to medical supplies and durable medical equipment subject to a volume purchase contract, products subject to the preferred diabetic testing supply program, items provided to dually eligible recipients when Medicare is the primary payer for the item, and individually priced items identified in paragraph (i). Payments made to managed care plans and county-based purchasing plans shall not be adjusted to reflect the rate increases in this paragraph.

**EFFECTIVE DATE.** This section is effective retroactively from January 1, 2016.