

**9553.0020 DEFINITIONS.**

Subpart 1. **Applicability.** For the purposes of parts 9553.0010 to 9553.0080, the following terms have the meanings given them in this part.

Subp. 2. **Addition.** "Addition" means an extension, enlargement, or expansion of the physical plant of an ICF/DD for the purpose of increasing the number of licensed beds or improving resident care.

Subp. 3. **Applicable credit.** "Applicable credit" means a receipt of funds or an expense reduction as a result of public grants, purchase discounts, allowances, rebates, refunds, adjustments for overcharges, insurance claims settlements, recovered bad debts, or any other adjustment or income which reduce the costs claimed by the facility.

Subp. 4. **Capacity days.** "Capacity days" means the total number of licensed beds in the facility multiplied by the number of days in the reporting year.

Subp. 5. **Capital assets.** "Capital assets" means a facility's land, physical plant, land improvements, depreciable equipment, leasehold improvements, capitalized improvements and repairs, and all additions to or replacements of those assets.

Subp. 6. **Capital debt.** "Capital debt" means a debt incurred by the facility for the purpose of purchasing a capital asset, to the extent that the proceeds of the debt were actually applied to purchase the capital asset including points, financing charges, and bond premiums or discounts. Capital debt includes debt incurred for the purpose of refinancing a capital debt.

Subp. 7. **Capital debt interest expense.** "Capital debt interest expense" means interest payable under the terms of a capital debt, amortization of a bond premium or discount, and amortization of financing charges.

Subp. 8. **Class A beds.** "Class A beds" means beds licensed for ambulatory and mobile persons who are capable of taking appropriate action for self-preservation under emergency conditions as determined by part 4665.0500 or 9525.0210 to 9525.0430.

Subp. 9. **Class B beds.** "Class B beds" means beds for ambulatory, nonambulatory, mobile, or nonmobile persons who are not mentally or physically capable of taking appropriate action for self-preservation under emergency conditions as determined by part 4665.0500 or parts 9525.0210 to 9525.0430.

Subp. 10. **Commissioner.** "Commissioner" means the commissioner of the Minnesota Department of Human Services.

Subp. 11. **Cost categories.** "Cost categories" means any one of the groupings of costs in part 9553.0040, subparts 1 to 6.

Subp. 12. **Cost report.** "Cost report" means the document and supporting materials specified by the commissioner and submitted by the provider for the facility. The cost report includes the statistical, financial, and other relevant information required in part 9553.0041 for the rate determination.

Subp. 13. **Department.** "Department" means the Minnesota Department of Human Services.

Subp. 14. **Depreciable equipment.** "Depreciable equipment" means the standard movable resident care equipment and support service equipment generally used in an ICF/DD. Depreciable equipment includes the equipment specified in the major movable equipment table of the depreciation guidelines.

Subp. 15. **Depreciation guidelines.** "Depreciation guidelines" means The Estimated Useful Lives of Depreciable Hospital Assets, issued by the American Hospital Association, 840 North Lake Shore Drive, Chicago, Illinois 60611 (Chicago: 1983). The depreciation guidelines are incorporated by reference and are available for reference at the Minnesota State Law Library, 25 Rev. Dr. Martin Luther King Jr. Blvd., Saint Paul, Minnesota 55155. Only the 1983 publication will be used and will not change.

Subp. 16. **Desk audit.** "Desk audit" means the determination of the facility's payment rate based on the commissioner's review and analysis of required reports, supporting documentation, and work sheets submitted by the provider.

Subp. 17. **Direct cost.** "Direct cost" means a cost that can be identified within a specific cost category without the use of allocation methods.

Subp. 18. **Equity.** "Equity" means the historical capital cost of the facility's capital assets subject to the limitations in part 9553.0060, subpart 1, item C; and subpart 3, item H, decreased by the outstanding principal amount of the capital debts, and the historical capital cost of any capital assets retired from service, sold, or otherwise disposed. Increases in the principal amount of existing capital debts due to refinancing, or new capital debts due to a change of ownership or reorganization of provider entity for which the increase in interest expense is disallowed according to part 9553.0060, subpart 3, item G are not included in the outstanding principal amount of the capital debts for the purpose of calculating equity.

Subp. 19. **Facility or ICF/DD.** "Facility" or "ICF/DD" means a program licensed to serve persons with developmental disabilities under Minnesota Statutes, section 252.28, and a physical plant licensed as a supervised living facility under Minnesota Statutes, chapter 144, which together are certified by the Minnesota Department of Health as an intermediate care facility for the developmentally disabled.

Subp. 20. **Field audit.** "Field audit" means the on-site examination, verification, and review of the cost report, financial records, statistical records, and related supporting documentation of the provider or provider group.

Subp. 21. **Fringe benefits.** "Fringe benefits" means workers' compensation insurance, group health insurance, disability insurance, dental insurance, group life insurance, and retirement benefits or plans.

Subp. 22. **Funded depreciation.** "Funded depreciation" means the sum deposited in a separate account as determined in accordance with part 9553.0060, subpart 1, item E and that must be applied only to reduce or liquidate capital debts or replace capital assets.

Subp. 23. **Historical capital costs.** "Historical capital costs" means:

A. for a capital asset first placed in use in the medical assistance program on or after January 1, 1984, the cost incurred to construct or purchase the capital asset by the person or entity owning the capital asset on the date it was first placed in use in the medical assistance program; and

B. for a capital asset first placed in use in the medical assistance program prior to January 1, 1984, the cost originally incurred to construct or purchase the capital asset by the person or entity owning the capital asset on December 31, 1983.

Subp. 24. **Historical operating costs.** "Historical operating costs" means the allowable operating costs incurred by the facility during the reporting year immediately preceding the rate year for which the payment rate becomes effective after the commissioner has reviewed those costs and determined them to be allowable costs under the medical assistance program and after the application of parts 9553.0010 to 9553.0080.

Subp. 25. **Indirect cost.** "Indirect cost" means a cost incurred for a common or joint purpose of benefiting more than one cost category or not readily assignable to the cost categories benefited.

Subp. 26. **Land.** "Land" means the land owned or leased by the provider or provider group and which is necessary for resident care.

Subp. 27. **Land improvement.** "Land improvement" means an improvement to the land surrounding the facility as specified in the land improvements table of the depreciation guidelines, if the land improvement is the responsibility of the provider.

Subp. 28. **Leasehold improvement.** "Leasehold improvement" means an improvement to property leased by the provider for the use of the facility that reverts to the owner of the property upon termination of the lease.

Subp. 29. **Medical assistance program.** "Medical assistance program" means the program that reimburses the cost of health care provided to eligible recipients pursuant to Minnesota Statutes, chapter 256B and United States Code, title 42, section 1396a, et seq.

Subp. 30. **Necessary service.** "Necessary service" means a function pertinent to the facility's operation that if not performed by the assigned individual would have required the provider to employ or assign another individual to perform it.

Subp. 31. **Payroll taxes.** "Payroll taxes" means the employer's share of social security withholding taxes, and state and federal unemployment compensation taxes or costs.

Subp. 32. **Physical plant.** "Physical plant" means the building or buildings in which a program licensed to provide services to persons with developmental disabilities under Minnesota Statutes, section 252.28, is located, and all equipment affixed to the building and not easily subject to transfer as specified in the building and fixed equipment tables of the depreciation guidelines, and auxiliary buildings in the nature of sheds, garages, and storage buildings located on the same site if related to resident care, and the allocated portion of office space if the office is located in that facility.

Physical plant does not include buildings or portions of buildings used by central, affiliate, or corporate offices if those offices are not located in that facility.

Subp. 33. **Private paying resident.** "Private paying resident" means a facility resident whose care is not paid for by the medical assistance program or cost of care program for the date of service.

Subp. 34. **Program.** "Program" means those functions and activities of the facility that contribute to the care, supervision, developmental growth, and skill acquisition of the residents under parts 9525.0210 to 9525.0430 and Code of Federal Regulations, title 42, section 442.400, et seq.

Subp. 35. **Program director.** "Program director" means the person who supervises individual program planning and program activities related to carrying out the individual program plans.

Subp. 36. **Provider.** "Provider" means the corporation, governmental unit, partnership, person, or persons licensed to operate the facility, which controls the facility's operation, incurs the costs reported, and claims reimbursement under parts 9553.0010 to 9553.0080 for the care provided in the facility.

Subp. 37. **Provider group.** "Provider group" means a parent corporation, any subsidiary corporations, partnerships, management organizations, and groups of facilities operated under common ownership or control that incurred the costs shown on the cost report which are claimed for reimbursement under parts 9553.0010 to 9553.0080.

Subp. 38. **Rate year.** "Rate year" means the period for which the total payment rate is effective, from October 1 to September 30.

Subp. 39. **Related organization.** "Related organization" means a person that furnishes goods or services to a facility and that is a close relative of a provider or a provider group, an affiliate of a provider or provider group, a close relative of an affiliate of a provider or provider group, or an affiliate of a close relative of an affiliate of a provider or provider group. For the purposes of this subpart, the following terms have the meanings given them.

A. "Affiliate" means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with another person.

B. "Person" means an individual, a corporation, a partnership, an association, a trust, an unincorporated organization, or a government or political subdivision.

C. "Close relative of an affiliate of a provider or provider group" means an individual whose relationship by blood, marriage, or adoption to an individual who is an affiliate of a provider or provider group is no more remote than first cousin.

D. "Control" including the terms "controlling," "controlled by," and "under common control with" means the possession, direct or indirect, of the power to direct or cause the direction of the management, operations, or policies of a person, whether through the ownership of voting securities, by contract or otherwise.

Subp. 40. **Repair.** "Repair" means the cost of labor and materials needed to restore an existing capital asset to sound condition after damage or malfunction or to maintain an existing capital asset in a usable condition.

Subp. 41. **Replacement.** "Replacement" means a renovation or substitution of an existing capital asset to improve its function or extend its useful life.

Subp. 42. **Reporting year.** "Reporting year" means the period from January 1 to December 31 immediately preceding the rate year, for which the provider submits its cost report, and that is the basis for the determination of the total payment rate for the following rate year.

Subp. 43. **Resident day.** "Resident day" means a day on which services provided to residents are rendered and billable, or a day for which a bed is held and billed.

Subp. 44. **Respite care.** "Respite care" means short-term supervision, assistance, and care provided to persons with developmental disabilities due to the temporary absence or need for relief of the caregiver who normally provides these services and is not an institutional provider.

Subp. 45. **Top management personnel.** "Top management personnel" means owners, corporate officers, general, regional, and district managers, board members, administrators, the facility administrator, and other persons performing executive functions normally performed by such personnel, whether employed full time, part time, or as a consultant. The facility administrator is the person in charge of the overall day-to-day activities of the facility.

Subp. 46. **Total payment rate.** "Total payment rate" means the amount established by the commissioner to reimburse the provider for service provided to each resident. The total payment rate is calculated by adding the total operating cost payment rate, the special operating cost payment rate, and the property-related cost payment rate.

Subp. 47. **Useful life.** "Useful life" means the length of time a capital asset is expected to provide economic service before needing replacement.

Subp. 48. **Vested.** "Vested" means the existence of a legally fixed unconditional right to a present or future benefit.

Subp. 49. **Working capital loan.** "Working capital loan" means a debt incurred to finance a facility's operating costs. A working capital loan does not include a debt incurred to acquire or refinance a capital asset.

Subp. 50. **Working capital interest expense.** "Working capital interest expense" means the interest incurred on working capital loans during the reporting year.

**Statutory Authority:** *MS s 256B.501*

**History:** *10 SR 1298; 12 SR 1148; L 2003 1Sp14 art 11 s 11; L 2005 c 56 s 2; L 2005 c 98 art 3 s 24*

**Published Electronically:** *January 30, 2024*