

**9553.0075 RATE SETTING PROCEDURES FOR NEWLY CONSTRUCTED OR NEWLY ESTABLISHED FACILITIES OR APPROVED CLASS A TO CLASS B CONVERSIONS.**

Subpart 1. **Interim payment rate.** A provider may request an interim payment rate for a newly constructed or newly established facility or for a facility converting more than 50 percent of its licensed beds from Class A beds to Class B beds provided that the conversion is approved by the commissioner. To receive an interim payment rate, the provider must submit a projected cost report in compliance with parts 9553.0010 to 9553.0080 to the extent applicable, for the year in which the provider plans to begin operation or plans to convert beds. Parts 9553.0050, subpart 1, item A, subitems (2), (3), and (4); subpart 2, item E; and subpart 3; and part 9553.0060, subpart 6 shall not apply to interim payment rates. The interim property related payment rate must be determined using projected resident days but not less than 80 percent of licensed capacity days. The effective date of the interim payment rate for a newly constructed or newly established facility must be the later of the first day a medical assistance recipient resides in the newly constructed or established bed or the date of medical assistance program certification. The effective date of the interim payment rate for a facility converting more than 50 percent of its licensed beds from Class A beds to Class B beds must be the later of the date on which 60 percent of the converted beds are occupied by residents requiring a Class B bed as determined by the commissioner or the date on which the beds are licensed as Class B beds by the Minnesota Department of Health. Prior to the effective date of the interim payment rate, the provider may submit a request to update the interim rate. After the effective date of the interim payment rate, no adjustments shall be made in the interim payment rate until settle up.

Subp. 2. **Interim payment rate settle up.** The interim payment rate must not be in effect more than 17 months. When the interim payment rate begins between August 1 and December 31, the facility shall file settle up cost reports for the period from the beginning of the interim payment rate through December 31 of the following year. When the interim payment rate begins between January 1 and July 31, the facility shall file settle up cost reports for the period from the beginning of the interim payment rate to the first December 31 following the beginning of the interim payment rate.

A. An interim payment rate established on or before December 31, 1985, is subject to retroactive upward or downward adjustment based on the settle up cost report and according to rules in effect when the interim rate was established.

B. An interim payment rate established on or after January 1, 1986, is subject to retroactive upward or downward adjustment based on the settle up cost report and in accordance with parts 9553.0010 to 9553.0080 except that:

(1) part 9553.0050, subpart 1, item A, subitems (2), (3), and (4); subpart 2, item E; and subpart 3; and part 9553.0060, subpart 6 do not apply;

(2) the settle up property related payment rate must be calculated using the lesser of resident days or 96 percent of licensed capacity days but not less than 80 percent of licensed capacity days;

(3) the settle up operating cost payment rates must be determined by dividing the allowable historical operating costs by the greater of resident days or 80 percent of licensed capacity days;

(4) the settle up special operating cost payment rate must be determined by dividing the allowable historical special operating costs by the greater of resident days or 80 percent of licensed capacity days; and

(5) the settle-up total payment rate must not exceed the interim payment rate by more than 0.4166 percent for each full month between the effective date of the interim payment rate period and the end of the first fiscal period.

Subp. 3. **Total payment rate for nine-month period following settle up period.** For the nine-month period following the settle up reporting period, the total payment rate must be determined according to items A to C.

A. The allowable historical operating cost per diems must be determined in accordance with parts 9553.0010 to 9553.0080 except that:

(1) part 9553.0050, subpart 1, item A, subitems (2), (3), and (4); subpart 2, item E; and subpart 3; and part 9553.0060, subpart 6 do not apply;

(2) the resident days must be the greater of an annualization of the resident days in the last three months of the interim reporting period or the resident days in the interim reporting period but not less than 85 percent of licensed capacity days; and

(3) the allowable historical operating cost per diems must be adjusted by multiplying those per diems by 9/12 of the percentage change in the all urban consumer price index (CPI/U) of Minneapolis/Saint Paul as published by the Bureau of Labor Statistics between the two most recent Decembers before the beginning of the rate year, new series index (1967=100).

B. The special operating cost payment rate must be determined by dividing the allowable historical special operating costs by the greater of resident days or 85 percent of licensed capacity days.

C. The property related payment rate must be determined according to parts 9553.0010 to 9553.0080.

Subp. 4. **Payment rate during the first rate year following the interim rate period.** The first total payment rate for the first rate year after the end of the interim rate period must be based on the settle-up cost report and must be calculated as in subpart 3, except

that the allowable historical operating cost per diems shall be adjusted in accordance with part 9553.0050, subpart 2, item A.

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

**History:** *10 SR 1298; 11 SR 2408; 12 SR 1711*

**Published Electronically:** *October 15, 2013*