

1 Department of Human Services

2

3 Adopted Permanent Rules Relating to Payment Rates For ICF/MR's

4

5 Rules as Adopted

6 9553.0041 GENERAL REPORTING REQUIREMENTS.

7 Subpart 1. **Required cost reports.** No later than April 30
8 of each year, the provider shall submit an annual cost report on
9 forms supplied by the commissioner in order to receive medical
10 assistance payments. The reports must cover the reporting year
11 ending December 31, except that for reporting years ending on or
12 after December 31, 1987, a provider operating a facility that is
13 attached to a nursing home that is reimbursed under parts
14 9549.0010 to 9549.0080 may elect to report the facility's costs
15 and statistical information for the period covered by the
16 nursing home's reporting year. If a certified audit has been
17 prepared, it must be submitted with the cost report. In
18 addition, a provider or provider group which has 48 or more
19 licensed beds shall submit an annual certified audit of its
20 financial records obtained from an independent certified public
21 accountant or licensed public accountant. The examination must
22 be conducted in accordance with generally accepted auditing
23 standards as adopted by the American Institute of Certified
24 Public Accountants and generally accepted accounting
25 principles. A government owned facility may comply with these
26 auditing requirements by submitting the audit report prepared by
27 the state auditor.

28 Subp. 2. to 16. [Unchanged.]

29 9553.0050 DETERMINATION OF TOTAL OPERATING COST PAYMENT RATE.

30 Subpart 1. **Establishment of allowable historical operating**
31 **cost per diem.** The commissioner shall annually review and
32 adjust the operating costs incurred by the facility during the
33 reporting year preceding the rate year to determine the
34 facility's allowable historical operating costs. The review and
35 adjustment must comply with parts 9553.0010 to 9553.0080. Each

1 facility's allowable historical operating cost per diem shall be
2 established according to items A to F.

3 A. The total allowable historical operating cost per
4 diem shall be limited according to subitems (1) to (5).

5 (1) For the rate years beginning on or after
6 October 1, 1986, the administrative allowable historical
7 operating costs shall be limited as in units (a) to (g).

8 (a) to (e) [Unchanged.]

9 (f) For rate years beginning on or after
10 October 1, 1988, the commissioner shall increase the
11 administrative cost per licensed bed limit in unit (e) by
12 multiplying the limit established for the rate year beginning
13 October 1, 1987, by the percent moving average of the index of
14 average hourly earnings in nursing and personal care facilities
15 for the fourth quarter of the rate year following the reporting
16 year, forecast by Data Resources, Inc. in the second quarter of
17 the calendar year following the reporting year. The forecast
18 appears in Health Care Costs, published by Data Resources, Inc.,
19 and is incorporated by reference. Health Care Costs is
20 available through the Minitex interlibrary loan system. It is
21 published monthly. The maximum administrative allowable
22 historical operating cost shall be the lesser of the facility's
23 administrative allowable historical operating cost or the amount
24 determined in this unit multiplied by the facility's licensed
25 beds.

26 (g) [Unchanged.]

27 (2) For the rate years beginning on or after
28 October 1, 1986, the allowable historical operating costs in the
29 maintenance operating cost category must not exceed the
30 operating cost payment rate for the maintenance operating cost
31 category in effect during the reporting year times the prorated
32 resident days which correspond to those operating cost payment
33 rates paid during the reporting year. For the period January 1,
34 1988 to September 30, 1988, the allowable historical operating
35 costs in the maintenance operating cost category must not exceed
36 125 percent of the operating cost payment rate for the

1 maintenance operating cost category in effect during the
2 reporting year times the prorated resident days which correspond
3 to those operating cost payment rates paid during the reporting
4 year. For rate years beginning on or after October 1, 1988, the
5 allowable historical operating costs in the maintenance
6 operating cost category must not exceed the amount determined
7 for the period January 1, 1988 to September 30, 1988, increased
8 annually by the index in subitem (1), unit (f).

9 (3) [Unchanged.]

10 (4) For the rate year beginning October 1, 1986,
11 and October 1, 1987, the facility's total operating cost payment
12 rate in effect during the reporting year must be adjusted for
13 reclassifications in accordance with part 9553.0040 and be
14 separated into program, maintenance, special, and administrative
15 operating cost payment rates according to units (a) to (c).

16 (a) to (c) [Unchanged.]

17 For rate years beginning on or after October 1, 1988, the
18 program operating cost payment rate in effect during the
19 reporting year times the prorated resident days that correspond
20 to those operating cost payment rates paid during the reporting
21 year must be used in computing the total of the limits in the
22 computation of the efficiency incentive under subpart 2, item E.

23 (5) [Unchanged.]

24 B. to F. [Unchanged.]

25 Subp. 2. Establishment of total operating cost payment
26 rate. The total operating cost payment rate shall be
27 established according to items A to F.

28 A. For the rate year beginning October 1, 1986, and
29 for the first three months of the rate year beginning October 1,
30 1987, the allowable historical operating cost per diems
31 determined according to subpart 1, items B to D, shall be
32 adjusted by the annualized percentage change in the all urban
33 consumer price index (CPI-U) for Minneapolis-Saint Paul as
34 published by the Bureau of Labor Statistics, United States
35 Department of Labor, between the two most recent Decembers
36 before the beginning of the rate year. The year 1967 is the

1 standard reference base period. For the rate year beginning
2 October 1, 1986, the allowable certified audit cost per diem in
3 subpart 1, item E, shall not be adjusted by the CPI-U.
4 Beginning January 1, 1988, and for rate years beginning on or
5 after October 1, 1988, the allowable historical operating cost
6 per diems determined according to subpart 1, items B to D, shall
7 be adjusted by the annualized percent moving average of the
8 index specified in subpart 1, item A, subitem (1), unit (f).
9 For the period January 1, 1988 to September 30, 1988, the
10 program allowable historical operating cost per diem determined
11 according to subpart 1, item B, shall be adjusted by adding 2.46
12 to the annualized percent moving average of the index specified
13 in subpart 1, item A, subitem (1), unit (f).

14 B. to D. [Unchanged.]

15 E. If the reporting year's total operating cost
16 excluding special operating costs, is less than the sum of the
17 limits computed in subpart 1, item A, subitems (2), (3), and
18 (4), the facility shall receive the difference divided by the
19 greater of resident days or 85 percent of capacity days as an
20 efficiency incentive, up to a maximum of \$2 per resident per
21 day. Beginning January 1, 1988, and for rate years beginning on
22 or after October 1, 1988, if the reporting year's total
23 allowable operating cost after all limits excluding special
24 operating costs, is less than the sum of the limits computed in
25 subpart 1, item A, subitems (2), (3), and (4), the facility
26 shall receive the difference divided by the greater of resident
27 days or 85 percent of capacity days as an efficiency incentive,
28 up to a maximum of \$2 per resident per day. A facility whose
29 program allowable historical operating cost incurred during the
30 reporting year is below the program historical operating cost
31 limit established in subpart 1, item A, subitems (2), (3), and
32 (4) is not eligible to receive the efficiency incentive. The
33 efficiency incentive must not be adjusted as a result of a field
34 audit.

35 F. [Unchanged.]

36 Subp. 3. [Unchanged.]

1 9553.0060 DETERMINATION OF PROPERTY RELATED PAYMENT RATE.

2 Subpart 1. to 3. [Unchanged.]

3 Subp. 4. Computation of property related payment rate.

4 The commissioner shall determine the property related payment
5 rate according to items A to C.

6 A. The number of capacity days is determined by
7 multiplying the number of licensed beds in the facility by the
8 number of days in the facility's reporting year. For rate years
9 beginning on or after October 1, 1988, a facility that has
10 reduced its licensed bed capacity after January 1, 1988, may,
11 for the purpose of computing the property-related payment rate
12 under this subpart, establish its capacity days for each rate
13 year following the licensure reduction based on the number of
14 beds licensed on the previous August 1, provided that the
15 commissioner is notified of the change by August 4. The
16 notification must include a copy of the delicensure request that
17 has been submitted to the commissioner of health.

18 B. and C. [Unchanged.]

19 Subp. 5. to 7. [Unchanged.]