

1 Department of Human Services

2

3 Adopted Permanent Rules Relating to Payment Rates for

4 Intermediate Care Facilities for Persons with Mental Retardation
5 or Related Conditions

6

7 Rules as Adopted

8 9553.0035 DETERMINATION OF ALLOWABLE COSTS.

9 [For text of subps 1 to 7, see M.R.]

10 Subp. 8. **Capitalization.** For rate years after September
11 30, 1986, the cost of purchasing or repairing capital assets
12 shall be capitalized under items A to D, subject to part
13 9553.0060, subpart 1.

14 A. The cost of purchasing a capital asset listed in
15 the depreciation guidelines must be capitalized. The cost of
16 purchasing any other capital asset not included in the
17 depreciation guidelines must be capitalized if the asset has a
18 useful life of more than two years and costs more than \$500.
19 For costs incurred after September 30, 1992, a capital asset
20 listed on the depreciation guidelines shall not be capitalized
21 when the unit cost of that capital asset is \$200 or less.

22 [For text of items B to D, see M.R.]

23 [For text of subps 9 to 16, see M.R.]

24 9553.0040 REPORTING BY COST CATEGORY.

25 Subpart 1. **Program operating costs.** The direct costs of
26 program functions must be reported in the program operating cost
27 category. These costs include:

28 [For text of items A to F, see M.R.]

29 G. the operating costs and vehicle insurance expense
30 of a facility owned vehicle except staff compensation costs, or
31 reimbursement for mileage for use of a personal vehicle, to the
32 extent that the vehicle is used to transport residents for
33 program purposes;

34 [For text of items H to K, see M.R.]

35 [For text of subp 2, see M.R.]

1 Subp. 3. **Administrative operating costs.** The costs listed
2 in this subpart are included in the administrative operating
3 cost category:

4 [For text of items A to E, see M.R.]

5 F. insurance except as in subparts 1 and 6;

6 [For text of items G to V, see M.R.]

7 [For text of subps 4 to 6, see M.R.]

8 9553.0050 DETERMINATION OF TOTAL OPERATING COST PAYMENT RATE.

9 [For text of subps 1 and 2, see M.R.]

10 Subp. 3. **One time adjustment to program operating cost**
11 **payment rate.** For the purposes of this subpart, "additional
12 program staff" means staff in excess of the number included in
13 the facility's total payment rate during the rate year covering
14 the date of the finding of deficiency or need. The one time
15 adjustment shall be determined according to items A to H.

16 A. A facility is eligible for a one time adjustment
17 to the facility's program operating cost payment rate when the
18 facility meets one of the conditions in subitems (1) to (4) and
19 the conditions in item B.

20 (1) The commissioner or the commissioner of
21 health has issued a correction order to the facility under parts
22 9525.0210 to 9525.0430 or 4665.0100 to 4665.9900.

23 (2) The federal government has issued a
24 deficiency order under Code of Federal Regulations, title 42,
25 section 442, as amended through October 1, 1991, requiring the
26 facility to correct a deficiency in the number or type of
27 program staff necessary to implement the residents' individual
28 habilitation plans.

29 (3) The commissioner has determined a need exists
30 based on a determination or redetermination of need plan
31 approved under Minnesota Statutes, section 252.28 and parts
32 9525.0015 to 9525.0145.

33 (4) The commissioner has approved, under
34 Minnesota Statutes, section 252.28 and parts 9525.0015 to
35 9525.0145, a Class A facility's plan to substantially modify the

1 facility to serve persons who require a facility that meets the
2 standards for impractical evacuation capability as provided in
3 the Code of Federal Regulations, title 42, section 483.470(j),
4 as amended through October 1, 1991. For purposes of this
5 subitem, "substantially modify" means to modify the facility so
6 that at least 50 percent of the licensed beds may be used to
7 serve persons who meet the criteria in part 9510.1050, subpart
8 2, items C and D.

9 [For text of items B and C, see M.R.]

10 D. The commissioner shall evaluate the documents
11 submitted in item C using the criteria in items A and B. If the
12 request meets the criteria in items A and B, the commissioner
13 shall compute the one time adjustment to the program operating
14 cost payment rate in accordance with subitems (1) to (5).

15 [For text of subitems (1) to (3), see M.R.]

16 (4) For one time adjustments approved after
17 September 30, 1992, the subtraction described in subitem (3)
18 shall in no event extend beyond one year.

19 (5) Any further reduction which would be possible
20 by reallocating the facility's staff and costs shall be
21 subtracted from the amount computed in subitem (2).

22 [For text of item E, see M.R.]

23 F. The one time adjustment to the facility's total
24 payment rate shall remain in effect for at least a 21-month
25 period. At the end of the first full reporting year which
26 occurs during the one time adjustment period, the commissioner
27 shall conduct a fiscal and program review. Based on the results
28 of the fiscal and program review, the commissioner shall
29 implement either subitem (1), (2), or (3).

30 (1) If the facility fails to implement the plan
31 specified in item C, subitem (4), the commissioner shall recover
32 the total amount paid under this subpart in accordance with part
33 9553.0041, subpart 13 and shall disallow any costs incurred by
34 the facility in establishing future payment rates.

35 (2) If the facility implements the plan specified
36 in item C, subitem (4) and the actual costs incurred during the

1 one time adjustment period ending with the 12-month period which
2 includes a full reporting year are below the payments made under
3 this subpart, the commissioner shall reduce the adjustment to
4 the facility's total payment rate accordingly and recover any
5 overpayments in accordance with part 9553.0041, subpart 13. The
6 reduced adjustment to the facility's total payment rate shall
7 continue to be paid to the facility until the September 30
8 following the end of the reporting year which includes 12 months
9 of the additional program staff salaries and related fringe
10 benefits and payroll taxes.

11 (3) If the actual costs of implementing the plan
12 specified in item C, subitem (4) incurred during the period
13 exceed the payments made under this subpart, there shall be no
14 retroactive cost settle up. The one time adjustment to the
15 facility's total payment rate shall continue to be paid to the
16 facility at the same level until the September 30 following the
17 end of the reporting year which includes 12 months of the
18 additional program staff salaries and related fringe benefits
19 and payroll taxes.

20 [For text of items G and H, see M.R.]

21 9553.0060 DETERMINATION OF PROPERTY RELATED PAYMENT RATE.

22 Subpart 1. **Depreciation.** Allowable depreciation expense
23 must be determined according to items A to E.

24 A. Subject to the limitations in item C, the basis
25 for calculating depreciation is governed by subitems (1) to (7).

26 [For text of subitems (1) to (3), see M.R.]

27 (4) The historical capital cost of the capital
28 assets in item A must be increased for the cost of additions or
29 replacements to assets capitalized according to part 9553.0035,
30 subpart 8, items A to D, subject to the limitations in subitem
31 (6) and item C, and must be depreciated according to this
32 subpart. The increased depreciation expense must be recognized
33 in the calculation of the payment rate for the rate year
34 following the reporting year in which the cost was incurred
35 without regard to when during that reporting year the capital

1 asset was purchased. The facility may claim depreciation
2 expense for the depreciable capital assets for only the portion
3 of the reporting period after the construction was completed or
4 the capital asset was purchased.

5 [For text of subitems (5) to (7), see M.R.]

6 [For text of items B to E, see M.R.]

7 [For text of subps 2 to 7, see M.R.]