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**ARTICLE 1**  
**AGING SERVICES**

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**ARTICLE 1**  
**AGING AND OLDER ADULT SERVICES**  
Section 1. Minnesota Statutes 2024, section 144.0724, subdivision 2, is amended to read:  
Subd. 2. **Definitions.** For purposes of this section, the following terms have the meanings given.  
(a) "Assessment reference date" or "ARD" means the specific end point for look-back periods in the MDS assessment process. This look-back period is also called the observation or assessment period.  
(b) "Case mix index" means the weighting factors assigned to the case mix reimbursement classifications determined by an assessment.  
(c) "Index maximization" means classifying a resident who could be assigned to more than one category, to the category with the highest case mix index.  
(d) "Minimum Data Set" or "MDS" means a core set of screening, clinical assessment, and functional status elements, that include common definitions and coding categories specified by the Centers for Medicare and Medicaid Services and designated by the Department of Health.  
(e) "Representative" means a person who is the resident's guardian or conservator, the person authorized to pay the nursing home expenses of the resident, a representative of the Office of Ombudsman for Long-Term Care whose assistance has been requested, or any other individual designated by the resident.  
(f) "Activities of daily living" or "ADL" includes personal hygiene, dressing, bathing, transferring, bed mobility, locomotion, eating, and toileting.  
(g) "Nursing facility level of care determination" means the assessment process that results in a determination of a resident's or prospective resident's need for nursing facility level of care as established in subdivision 11 for purposes of medical assistance payment of long-term care services for:  
(1) nursing facility services under chapter 256R;  
(2) elderly waiver services under chapter 256S;  
(3) CADI and BI waiver services under section 256B.49; and  
(4) state payment of alternative care services under section 256B.0913.  
(h) "Patient Driven Payment Model" or "PDPM" means the case mix reimbursement classification system for residents in nursing facilities according to the resident's condition, the resident's diagnosis, and the care the resident is receiving as reflected in data supplied in the facility's MDS with an ARD on or after October 1, 2025.

- 3.21 (i) "Resource utilization group" or "RUG" means the case mix reimbursement  
3.22 classification system for residents in nursing facilities according to the resident's clinical  
3.23 and functional status as reflected in data supplied by the facility's MDS with an ARD on or  
3.24 before September 30, 2025.
- 3.25 **EFFECTIVE DATE.** This section is effective October 1, 2025, and applies to  
3.26 assessments conducted on or after that date.
- 3.27 Sec. 2. Minnesota Statutes 2024, section 144A.071, subdivision 4a, is amended to read:
- 3.28 Subd. 4a. **Exceptions for replacement beds.** It is in the best interest of the state to  
3.29 ensure that nursing homes and boarding care homes continue to meet the physical plant  
3.30 licensing and certification requirements by permitting certain construction projects. Facilities  
3.31 should be maintained in condition to satisfy the physical and emotional needs of residents  
3.32 while allowing the state to maintain control over nursing home expenditure growth.
- 4.1 The commissioner of health in coordination with the commissioner of human services,  
4.2 may approve the renovation, replacement, upgrading, or relocation of a nursing home or  
4.3 boarding care home, under the following conditions:
- 4.4 (a) to license or certify beds in a new facility constructed to replace a facility or to make  
4.5 repairs in an existing facility that was destroyed or damaged after June 30, 1987, by fire,  
4.6 lightning, or other hazard provided:
- 4.7 (i) destruction was not caused by the intentional act of or at the direction of a controlling  
4.8 person of the facility;
- 4.9 (ii) at the time the facility was destroyed or damaged the controlling persons of the  
4.10 facility maintained insurance coverage for the type of hazard that occurred in an amount  
4.11 that a reasonable person would conclude was adequate;
- 4.12 (iii) the net proceeds from an insurance settlement for the damages caused by the hazard  
4.13 are applied to the cost of the new facility or repairs;
- 4.14 (iv) the number of licensed and certified beds in the new facility does not exceed the  
4.15 number of licensed and certified beds in the destroyed facility; and
- 4.16 (v) the commissioner determines that the replacement beds are needed to prevent an  
4.17 inadequate supply of beds.
- 4.18 Project construction costs incurred for repairs authorized under this clause shall not be  
4.19 considered in the dollar threshold amount defined in subdivision 2;
- 4.20 (b) to license or certify beds that are moved from one location to another within a nursing  
4.21 home facility, provided the total costs of remodeling performed in conjunction with the  
4.22 relocation of beds does not exceed \$1,000,000;
- 4.23 (c) to license or certify beds in a project recommended for approval under section  
4.24 144A.073;

4.25 (d) to license or certify beds that are moved from an existing state nursing home to a  
4.26 different state facility, provided there is no net increase in the number of state nursing home  
4.27 beds;

4.28 (e) to certify and license as nursing home beds boarding care beds in a certified boarding  
4.29 care facility if the beds meet the standards for nursing home licensure, or in a facility that  
4.30 was granted an exception to the moratorium under section 144A.073, and if the cost of any  
4.31 remodeling of the facility does not exceed \$1,000,000. If boarding care beds are licensed  
4.32 as nursing home beds, the number of boarding care beds in the facility must not increase  
5.1 beyond the number remaining at the time of the upgrade in licensure. The provisions  
5.2 contained in section 144A.073 regarding the upgrading of the facilities do not apply to  
5.3 facilities that satisfy these requirements;

5.4 ~~(f) to license and certify up to 40 beds transferred from an existing facility owned and~~  
5.5 ~~operated by the Amherst H. Wilder Foundation in the city of St. Paul to a new unit at the~~  
5.6 ~~same location as the existing facility that will serve persons with Alzheimer's disease and~~  
5.7 ~~other related disorders. The transfer of beds may occur gradually or in stages, provided the~~  
5.8 ~~total number of beds transferred does not exceed 40. At the time of licensure and certification~~  
5.9 ~~of a bed or beds in the new unit, the commissioner of health shall delicense and decertify~~  
5.10 ~~the same number of beds in the existing facility. As a condition of receiving a license or~~  
5.11 ~~certification under this clause, the facility must make a written commitment to the~~  
5.12 ~~commissioner of human services that it will not seek to receive an increase in its~~  
5.13 ~~property-related payment rate as a result of the transfers allowed under this paragraph;~~

5.14 ~~(g)~~ (f) to license and certify nursing home beds to replace currently licensed and certified  
5.15 boarding care beds which may be located either in a remodeled or renovated boarding care  
5.16 or nursing home facility or in a remodeled, renovated, newly constructed, or replacement  
5.17 nursing home facility within the identifiable complex of health care facilities in which the  
5.18 currently licensed boarding care beds are presently located, provided that the number of  
5.19 boarding care beds in the facility or complex are decreased by the number to be licensed as  
5.20 nursing home beds and further provided that, if the total costs of new construction,  
5.21 replacement, remodeling, or renovation exceed ten percent of the appraised value of the  
5.22 facility or \$200,000, whichever is less, the facility makes a written commitment to the  
5.23 commissioner of human services that it will not seek to receive an increase in its  
5.24 property-related payment rate by reason of the new construction, replacement, remodeling,  
5.25 or renovation. The provisions contained in section 144A.073 regarding the upgrading of  
5.26 facilities do not apply to facilities that satisfy these requirements;

5.27 ~~(h)~~ (g) to license as a nursing home and certify as a nursing facility a facility that is  
5.28 licensed as a boarding care facility but not certified under the medical assistance program,  
5.29 but only if the commissioner of human services certifies to the commissioner of health that  
5.30 licensing the facility as a nursing home and certifying the facility as a nursing facility will  
5.31 result in a net annual savings to the state general fund of \$200,000 or more;

- 5.32 ~~(i) to certify, after September 30, 1992, and prior to July 1, 1993, existing nursing home~~  
5.33 ~~beds in a facility that was licensed and in operation prior to January 1, 1992;~~
- 6.1 ~~(j) to license and certify new nursing home beds to replace beds in a facility acquired~~  
6.2 ~~by the Minneapolis Community Development Agency as part of redevelopment activities~~  
6.3 ~~in a city of the first class, provided the new facility is located within three miles of the site~~  
6.4 ~~of the old facility. Operating and property costs for the new facility must be determined and~~  
6.5 ~~allowed under section 256B.431 or 256B.434 or chapter 256R;~~
- 6.6 ~~(k) to license and certify up to 20 new nursing home beds in a community-operated~~  
6.7 ~~hospital and attached convalescent and nursing care facility with 40 beds on April 21, 1991,~~  
6.8 ~~that suspended operation of the hospital in April 1986. The commissioner of human services~~  
6.9 ~~shall provide the facility with the same per diem property-related payment rate for each~~  
6.10 ~~additional licensed and certified bed as it will receive for its existing 40 beds;~~
- 6.11 ~~(h)~~ (h) to license or certify beds in renovation, replacement, or upgrading projects as  
6.12 defined in section 144A.073, subdivision 1, so long as the cumulative total costs of the  
6.13 facility's remodeling projects do not exceed \$1,000,000;
- 6.14 ~~(m) to license and certify beds that are moved from one location to another for the~~  
6.15 ~~purposes of converting up to five four bed wards to single or double occupancy rooms in~~  
6.16 ~~a nursing home that, as of January 1, 1993, was county-owned and had a licensed capacity~~  
6.17 ~~of 115 beds;~~
- 6.18 ~~(n) to allow a facility that on April 16, 1993, was a 106-bed licensed and certified nursing~~  
6.19 ~~facility located in Minneapolis to layaway all of its licensed and certified nursing home~~  
6.20 ~~beds. These beds may be relicensed and recertified in a newly constructed teaching nursing~~  
6.21 ~~home facility affiliated with a teaching hospital upon approval by the legislature. The~~  
6.22 ~~proposal must be developed in consultation with the interagency committee on long-term~~  
6.23 ~~care planning. The beds on layaway status shall have the same status as voluntarily delicensed~~  
6.24 ~~and decertified beds, except that beds on layaway status remain subject to the surcharge in~~  
6.25 ~~section 256.9657. This layaway provision expires July 1, 1998;~~
- 6.26 ~~(o) to allow a project which will be completed in conjunction with an approved~~  
6.27 ~~moratorium exception project for a nursing home in southern Cass County and which is~~  
6.28 ~~directly related to that portion of the facility that must be repaired, renovated, or replaced,~~  
6.29 ~~to correct an emergency plumbing problem for which a state correction order has been~~  
6.30 ~~issued and which must be corrected by August 31, 1993;~~
- 6.31 ~~(p)~~ (i) to allow a facility that on April 16, 1993, was a 368-bed licensed and certified  
6.32 nursing facility located in Minneapolis to layaway, upon 30 days prior written notice to the  
6.33 commissioner, up to 30 of the facility's licensed and certified beds by converting three-bed  
6.34 wards to single or double occupancy. Beds on layaway status shall have the same status as  
7.1 voluntarily delicensed and decertified beds except that beds on layaway status remain subject  
7.2 to the surcharge in section 256.9657, remain subject to the license application and renewal  
7.3 fees under section 144A.07 and shall be subject to a \$100 per bed reactivation fee. ~~In~~

7.4 addition, at any time within three years of the effective date of the layaway, the beds on  
7.5 layaway status may be;

7.6 (1) relicensed and recertified upon relocation and reactivation of some or all of the beds  
7.7 to an existing licensed and certified facility or facilities located in Pine River, Brainerd, or  
7.8 International Falls; provided that the total project construction costs related to the relocation  
7.9 of beds from layaway status for any facility receiving relocated beds may not exceed the  
7.10 dollar threshold provided in subdivision 2 unless the construction project has been approved  
7.11 through the moratorium exception process under section 144A.073;

7.12 (2) relicensed and recertified, upon reactivation of some or all of the beds within the  
7.13 facility which placed the beds in layaway status, if the commissioner has determined a need  
7.14 for the reactivation of the beds on layaway status.

7.15 The property related payment rate of a facility placing beds on layaway status must be  
7.16 adjusted by the incremental change in its rental per diem after recalculating the rental per  
7.17 diem as provided in section 256B.431, subdivision 3a, paragraph (c). The property related  
7.18 payment rate for a facility relicensing and recertifying beds from layaway status must be  
7.19 adjusted by the incremental change in its rental per diem after recalculating its rental per  
7.20 diem using the number of beds after the relicensing to establish the facility's capacity day  
7.21 divisor, which shall be effective the first day of the month following the month in which  
7.22 the relicensing and recertification became effective. Any beds remaining on layaway status  
7.23 more than three years after the date the layaway status became effective must be removed  
7.24 from layaway status and immediately delicensed and decertified;

7.25 (q) to license and certify beds in a renovation and remodeling project to convert 12  
7.26 four-bed wards into 24 two-bed rooms, expand space, and add improvements in a nursing  
7.27 home that, as of January 1, 1994, met the following conditions: the nursing home was located  
7.28 in Ramsey County; had a licensed capacity of 154 beds; and had been ranked among the  
7.29 top 15 applicants by the 1993 moratorium exceptions advisory review panel. The total  
7.30 project construction cost estimate for this project must not exceed the cost estimate submitted  
7.31 in connection with the 1993 moratorium exception process;

7.32 (r) to license and certify up to 117 beds that are relocated from a licensed and certified  
7.33 138-bed nursing facility located in St. Paul to a hospital with 130 licensed hospital beds  
7.34 located in South St. Paul, provided that the nursing facility and hospital are owned by the  
8.1 same or a related organization and that prior to the date the relocation is completed the  
8.2 hospital ceases operation of its inpatient hospital services at that hospital. After relocation,  
8.3 the nursing facility's status shall be the same as it was prior to relocation. The nursing  
8.4 facility's property-related payment rate resulting from the project authorized in this paragraph  
8.5 shall become effective no earlier than April 1, 1996. For purposes of calculating the  
8.6 incremental change in the facility's rental per diem resulting from this project, the allowable  
8.7 appraised value of the nursing facility portion of the existing health care facility physical  
8.8 plant prior to the renovation and relocation may not exceed \$2,490,000;

8.9 ~~(s) to license and certify two beds in a facility to replace beds that were voluntarily~~  
8.10 ~~delicensed and decertified on June 28, 1991;~~

8.11 ~~(t) (j) to allow 16 licensed and certified beds located on July 1, 1994, in a 142-bed nursing~~  
8.12 ~~home and 21-bed boarding care home facility in Minneapolis, notwithstanding the licensure~~  
8.13 ~~and certification after July 1, 1995, of the Minneapolis facility as a 147-bed nursing home~~  
8.14 ~~facility after completion of a construction project approved in 1993 under section 144A.073,~~  
8.15 ~~to be laid away upon 30 days' prior written notice to the commissioner. Beds on layaway~~  
8.16 ~~status shall have the same status as voluntarily delicensed or decertified beds except that~~  
8.17 ~~they shall remain subject to the surcharge in section 256.9657. The 16 beds on layaway~~  
8.18 ~~status may be relicensed as nursing home beds and recertified at any time within five years~~  
8.19 ~~of the effective date of the layaway upon relocation of some or all of the beds to a licensed~~  
8.20 ~~and certified facility located in Watertown, provided that the total project construction costs~~  
8.21 ~~related to the relocation of beds from layaway status for the Watertown facility may not~~  
8.22 ~~exceed the dollar threshold provided in subdivision 2 unless the construction project has~~  
8.23 ~~been approved through the moratorium exception process under section 144A.073;~~

8.24 ~~The property-related payment rate of the facility placing beds on layaway status must~~  
8.25 ~~be adjusted by the incremental change in its rental per diem after recalculating the rental~~  
8.26 ~~per diem as provided in section 256B.431, subdivision 3a, paragraph (c). The property-related~~  
8.27 ~~payment rate for the facility relicensing and recertifying beds from layaway status must be~~  
8.28 ~~adjusted by the incremental change in its rental per diem after recalculating its rental per~~  
8.29 ~~diem using the number of beds after the relicensing to establish the facility's capacity day~~  
8.30 ~~divisor, which shall be effective the first day of the month following the month in which~~  
8.31 ~~the relicensing and recertification became effective. Any beds remaining on layaway status~~  
8.32 ~~more than five years after the date the layaway status became effective must be removed~~  
8.33 ~~from layaway status and immediately delicensed and decertified;~~

8.34 ~~(u) to license and certify beds that are moved within an existing area of a facility or to~~  
8.35 ~~a newly constructed addition which is built for the purpose of eliminating three- and four-bed~~  
9.1 ~~rooms and adding space for dining, lounge areas, bathing rooms, and ancillary service areas~~  
9.2 ~~in a nursing home that, as of January 1, 1995, was located in Fridley and had a licensed~~  
9.3 ~~capacity of 129 beds;~~

9.4 ~~(v) to relocate 36 beds in Crow Wing County and four beds from Hennepin County to~~  
9.5 ~~a 160-bed facility in Crow Wing County, provided all the affected beds are under common~~  
9.6 ~~ownership;~~

9.7 ~~(w) to license and certify a total replacement project of up to 49 beds located in Norman~~  
9.8 ~~County that are relocated from a nursing home destroyed by flood and whose residents were~~  
9.9 ~~relocated to other nursing homes. The operating cost payment rates for the new nursing~~  
9.10 ~~facility shall be determined based on the interim and settle-up payment provisions of section~~  
9.11 ~~256R.27 and the reimbursement provisions of chapter 256R. Property-related reimbursement~~  
9.12 ~~rates shall be determined under section 256R.26, taking into account any federal or state~~  
9.13 ~~flood-related loans or grants provided to the facility;~~

- 9.14 (x) to license and certify to the licensee of a nursing home in Polk County that was  
9.15 destroyed by flood in 1997 replacement projects with a total of up to 129 beds, with at least  
9.16 25 beds to be located in Polk County and up to 104 beds distributed among up to three other  
9.17 counties. These beds may only be distributed to counties with fewer than the median number  
9.18 of age intensity adjusted beds per thousand, as most recently published by the commissioner  
9.19 of human services. If the licensee chooses to distribute beds outside of Polk County under  
9.20 this paragraph, prior to distributing the beds, the commissioner of health must approve the  
9.21 location in which the licensee plans to distribute the beds. The commissioner of health shall  
9.22 consult with the commissioner of human services prior to approving the location of the  
9.23 proposed beds. The licensee may combine these beds with beds relocated from other nursing  
9.24 facilities as provided in section 144A.073, subdivision 3e. The operating payment rates for  
9.25 the new nursing facilities shall be determined based on the interim and settle up payment  
9.26 provisions of Minnesota Rules, parts 9549.0010 to 9549.0080. Property-related  
9.27 reimbursement rates shall be determined under section 256R.26. If the replacement beds  
9.28 permitted under this paragraph are combined with beds from other nursing facilities, the  
9.29 rates shall be calculated as the weighted average of rates determined as provided in this  
9.30 paragraph and section 256R.50;
- 9.31 (y) to license and certify beds in a renovation and remodeling project to convert 13  
9.32 three bed wards into 13 two bed rooms and 13 single bed rooms, expand space, and add  
9.33 improvements in a nursing home that, as of January 1, 1994, met the following conditions:  
9.34 the nursing home was located in Ramsey County, was not owned by a hospital corporation,  
9.35 had a licensed capacity of 64 beds, and had been ranked among the top 15 applicants by  
10.1 the 1993 moratorium exceptions advisory review panel. The total project construction cost  
10.2 estimate for this project must not exceed the cost estimate submitted in connection with the  
10.3 1993 moratorium exception process;
- 10.4 (z) to license and certify up to 150 nursing home beds to replace an existing 285 bed  
10.5 nursing facility located in St. Paul. The replacement project shall include both the renovation  
10.6 of existing buildings and the construction of new facilities at the existing site. The reduction  
10.7 in the licensed capacity of the existing facility shall occur during the construction project  
10.8 as beds are taken out of service due to the construction process. Prior to the start of the  
10.9 construction process, the facility shall provide written information to the commissioner of  
10.10 health describing the process for bed reduction, plans for the relocation of residents, and  
10.11 the estimated construction schedule. The relocation of residents shall be in accordance with  
10.12 the provisions of law and rule;
- 10.13 (aa) to allow the commissioner of human services to license an additional 36 beds to  
10.14 provide residential services for the physically disabled under Minnesota Rules, parts  
10.15 9570.2000 to 9570.3400, in a 198 bed nursing home located in Red Wing, provided that  
10.16 the total number of licensed and certified beds at the facility does not increase;
- 10.17 (bb) to license and certify a new facility in St. Louis County with 44 beds constructed  
10.18 to replace an existing facility in St. Louis County with 31 beds, which has resident rooms  
10.19 on two separate floors and an antiquated elevator that creates safety concerns for residents



- 10.20 ~~and prevents nonambulatory residents from residing on the second floor. The project shall~~  
10.21 ~~include the elimination of three and four bed rooms;~~
- 10.22 (ee) (k) to license and certify four beds in a 16-bed certified boarding care home in  
10.23 Minneapolis to replace beds that were voluntarily delicensed and decertified on or before  
10.24 March 31, 1992. The licensure and certification is conditional upon the facility periodically  
10.25 assessing and adjusting its resident mix and other factors which may contribute to a potential  
10.26 institution for mental disease declaration. The commissioner of human services shall retain  
10.27 the authority to audit the facility at any time and shall require the facility to comply with  
10.28 any requirements necessary to prevent an institution for mental disease declaration, including  
10.29 delicensure and decertification of beds, if necessary; or
- 10.30 (dd) to license and certify 72 beds in an existing facility in Mille Laes County with 80  
10.31 beds as part of a renovation project. The renovation must include construction of an addition  
10.32 to accommodate ten residents with beginning and midstage dementia in a self-contained  
10.33 living unit; creation of three resident households where dining, activities, and support spaces  
11.1 are located near resident living quarters; designation of four beds for rehabilitation in a  
11.2 self-contained area; designation of 30 private rooms; and other improvements;
- 11.3 (ee) to license and certify beds in a facility that has undergone replacement or remodeling  
11.4 as part of a planned closure under section 256R.40;
- 11.5 (ff) to license and certify a total replacement project of up to 124 beds located in Wilkin  
11.6 County that are in need of relocation from a nursing home significantly damaged by flood.  
11.7 The operating cost payment rates for the new nursing facility shall be determined based on  
11.8 the interim and settle up payment provisions of section 256R.27 and the reimbursement  
11.9 provisions of chapter 256R. Property-related reimbursement rates shall be determined under  
11.10 section 256R.26, taking into account any federal or state flood-related loans or grants  
11.11 provided to the facility;
- 11.12 (gg) to allow the commissioner of human services to license an additional nine beds to  
11.13 provide residential services for the physically disabled under Minnesota Rules, parts  
11.14 9570.2000 to 9570.3400, in a 240-bed nursing home located in Duluth, provided that the  
11.15 total number of licensed and certified beds at the facility does not increase;
- 11.16 (hh) to license and certify up to 120 new nursing facility beds to replace beds in a facility  
11.17 in Anoka County, which was licensed for 98 beds as of July 1, 2000, provided the new  
11.18 facility is located within four miles of the existing facility and is in Anoka County. Operating  
11.19 and property rates shall be determined and allowed under chapter 256R and Minnesota  
11.20 Rules, parts 9549.0010 to 9549.0080; or
- 11.21 (ii) to transfer up to 98 beds of a 129-licensed bed facility located in Anoka County that,  
11.22 as of March 25, 2001, is in the active process of closing, to a 122-licensed bed nonprofit  
11.23 nursing facility located in the city of Columbia Heights or its affiliate. The transfer is effective  
11.24 when the receiving facility notifies the commissioner in writing of the number of beds  
11.25 accepted. The commissioner shall place all transferred beds on layaway status held in the



- 11.26 ~~name of the receiving facility. The layaway adjustment provisions of section 256B.431,~~  
11.27 ~~subdivision 30, do not apply to this layaway. The receiving facility may only remove the~~  
11.28 ~~beds from layaway for recertification and relicensure at the receiving facility's current site,~~  
11.29 ~~or at a newly constructed facility located in Anoka County. The receiving facility must~~  
11.30 ~~receive statutory authorization before removing these beds from layaway status, or may~~  
11.31 ~~remove these beds from layaway status if removal from layaway status is part of a~~  
11.32 ~~moratorium exception project approved by the commissioner under section 144A.073.~~
- 11.33 (l) to license or certify beds under provisions coded in this subdivision before the  
11.34 enactment of this law as paragraphs (f), (i) to (k), (m) to (bb), and (dd) to (ii).
- 12.1 **EFFECTIVE DATE.** This section is effective the day following final enactment.
- 12.2 Sec. 3. Minnesota Statutes 2024, section 144A.071, subdivision 4d, is amended to read:
- 12.3 Subd. 4d. **Consolidation of nursing facilities.** (a) The commissioner of health, in  
12.4 consultation with the commissioner of human services, may approve a request for net savings  
12.5 from a consolidation of nursing facilities which includes to be applied to reduce the costs  
12.6 of a moratorium exception project application under section 144A.073, subdivision 2. For  
12.7 purposes of this subdivision, "consolidation" means the closure of one or more facilities  
12.8 and the upgrading of the physical plant of the remaining nursing facility or facilities, the  
12.9 costs of which exceed the threshold project limit under subdivision 2, clause (a). The  
12.10 commissioners shall consider the criteria in this section, section 144A.073, and section  
12.11 256R.40, in approving or rejecting a consolidation proposal. In the event the commissioners  
12.12 approve the request, the commissioner of human services shall calculate an external fixed  
12.13 costs rate adjustment according to clauses (1) to (3):.
- 12.14 (1) the closure of beds shall not be eligible for a planned closure rate adjustment under  
12.15 section 256R.40, subdivision 5;
- 12.16 (2) the construction project permitted in this clause shall not be eligible for a threshold  
12.17 project rate adjustment under section 256B.434, subdivision 4f, or a moratorium exception  
12.18 adjustment under section 144A.073; and
- 12.19 (3) the payment rate for external fixed costs for a remaining facility or facilities shall  
12.20 be increased by an amount equal to 65 percent of the projected net cost savings to the state  
12.21 calculated in paragraph (b), divided by the state's medical assistance percentage of medical  
12.22 assistance dollars, and then divided by estimated medical assistance resident days, as  
12.23 determined in paragraph (c), of the remaining nursing facility or facilities in the request in  
12.24 this paragraph. The rate adjustment is effective on the first day of the month of January or  
12.25 July, whichever date occurs first following both the completion of the construction upgrades  
12.26 in the consolidation plan and the complete closure of the facility or facilities designated for  
12.27 closure in the consolidation plan. If more than one facility is receiving upgrades in the  
12.28 consolidation plan, each facility's date of construction completion must be evaluated  
12.29 separately.

- 12.30 (b) For purposes of calculating the net ~~cost~~ savings to the state, the commissioner shall  
12.31 consider clauses (1) to ~~(7)~~ (6):
- 13.1 (1) the annual savings from estimated medical assistance payments from the net number  
13.2 of beds closed taking into consideration only beds that are in active service on the date of  
13.3 the request and that have been in active service for at least three years;
- 13.4 (2) the estimated annual cost of increased case load of individuals receiving services  
13.5 under the elderly waiver;
- 13.6 (3) the estimated annual cost of elderly waiver recipients receiving support under housing  
13.7 support under chapter 256I;
- 13.8 (4) the estimated annual cost of increased case load of individuals receiving services  
13.9 under the alternative care program;
- 13.10 (5) the annual loss of license surcharge payments on closed beds; and
- 13.11 ~~(6) the savings from not paying planned closure rate adjustments that the facilities would~~  
13.12 ~~otherwise be eligible for under section 256R.40; and~~
- 13.13 ~~(7) (6) the savings from not paying external fixed costs payment rate adjustments~~  
13.14 ~~providing a rate adjustment from submission of renovation costs that would otherwise be~~  
13.15 ~~eligible as threshold projects under section 256B.434, subdivision 4f.~~
- 13.16 (e) For purposes of the calculation in paragraph (a), clause (3), the estimated medical  
13.17 assistance resident days of the remaining facility or facilities shall be computed assuming  
13.18 95 percent occupancy multiplied by the historical percentage of medical assistance resident  
13.19 days of the remaining facility or facilities, as reported on the facility's or facilities' most  
13.20 recent nursing facility statistical and cost report filed before the plan of closure is submitted,  
13.21 multiplied by 365.
- 13.22 ~~(d)~~ (c) For purposes of calculating net ~~cost~~ of savings to the state in paragraph (b), the  
13.23 average occupancy percentages will be those reported on the facility's or facilities' most  
13.24 recent nursing facility statistical and cost report filed before the plan of closure is submitted,  
13.25 and the average payment rates shall be calculated based on the approved payment rates in  
13.26 effect at the time the consolidation request is submitted.
- 13.27 (e) To qualify for the external fixed costs payment rate adjustment under this subdivision,  
13.28 the closing facilities shall:
- 13.29 (1) submit an application for closure according to section 256R.40, subdivision 2; and  
13.30 (2) follow the resident relocation provisions of section 144A.161.
- 13.31 ~~(d)~~ (d) The county or counties in which a facility or facilities are closed under this  
13.32 subdivision shall not be eligible for designation as a hardship area under subdivision 3 for  
14.1 five years from the date of the approval of the proposed consolidation. The applicant shall

2.23 Section 1. Minnesota Statutes 2024, section 256.9657, subdivision 1, is amended to read:  
2.24 Subdivision 1. **Nursing home license surcharge.** (a) Effective July 1, 1993, Each  
2.25 non-state-operated nursing home licensed under chapter 144A shall pay to the commissioner

14.2 notify the county of this limitation and the county shall acknowledge this in a letter of  
14.3 support.  
14.4 ~~(g) Projects approved on or after March 1, 2020, are not subject to paragraph (a), clauses~~  
14.5 ~~(2) and (3), and paragraph (e). The 65 (c) Sixty-five percent of the projected net cost savings~~  
14.6 ~~to the state calculated in paragraph (b) must be applied to the moratorium cost of the project~~  
14.7 ~~and the remainder must be added to the moratorium funding under section 144A.073,~~  
14.8 ~~subdivision 11.~~  
14.9 ~~(h) (f) Consolidation project applications not approved by the commissioner prior to~~  
14.10 ~~March 1, 2020, are subject to the moratorium process under section 144A.073, subdivision~~  
14.11 ~~2. Upon request by the applicant, the commissioner may extend this deadline to August 1,~~  
14.12 ~~2020, so long as the facilities, bed numbers, and counties specified in the original application~~  
14.13 ~~are not altered. Proposals from facilities seeking approval for a consolidation project prior~~  
14.14 ~~to March 1, 2020, must be received by the commissioner no later than January 1, 2020. This~~  
14.15 ~~paragraph expires August 1, 2020.~~  
14.16 **EFFECTIVE DATE.** This section is effective the day following final enactment.  
14.17 Sec. 4. Minnesota Statutes 2024, section 144A.161, subdivision 10, is amended to read:  
14.18 Subd. 10. **Facility closure rate adjustment.** Upon the request of a closing facility, the  
14.19 commissioner of human services must allow the facility a closure rate adjustment equal to  
14.20 a 50 percent payment rate increase to reimburse relocation costs or other costs related to  
14.21 facility closure. This rate increase is effective on the date the facility's occupancy decreases  
14.22 to 90 percent of capacity days after the written notice of closure is distributed under  
14.23 subdivision 5 and shall remain in effect for a period of up to 60 days. ~~The commissioner~~  
14.24 ~~shall delay the implementation of rate adjustments under section 256R.40, subdivisions 5~~  
14.25 ~~and 6, to offset the cost of this rate adjustment.~~  
14.26 **EFFECTIVE DATE.** This section is effective the day following final enactment.  
14.27 Sec. 5. Minnesota Statutes 2024, section 144A.1888, is amended to read:  
14.28 **144A.1888 REUSE OF FACILITIES.**  
14.29 Notwithstanding any local ordinance related to development, planning, or zoning to the  
14.30 contrary, the conversion or reuse of a nursing home that closes or that curtails, reduces, or  
14.31 changes operations shall be considered a conforming use permitted under local law, provided  
14.32 that the facility is converted to another long-term care service ~~approved by a regional~~  
15.1 ~~planning group under section 256R.40~~ that serves a smaller number of persons than the  
15.2 number of persons served before the closure or curtailment, reduction, or change in  
15.3 operations.  
15.4 Sec. 6. Minnesota Statutes 2024, section 256.9657, subdivision 1, is amended to read:  
15.5 Subdivision 1. **Nursing home license surcharge.** (a) Effective July 1, 1993, each  
15.6 non-state-operated nursing home licensed under chapter 144A shall pay to the commissioner

2.26 an annual surcharge according to the schedule in subdivision 4. The surcharge shall be  
2.27 calculated as ~~\$620~~ \$2,815 per licensed bed. If the number of licensed beds is ~~reduced~~  
2.28 ~~changed~~, the surcharge shall be based on the number of ~~remaining~~ licensed beds ~~the second~~  
2.29 ~~month following the receipt of timely notice by the commissioner of human services that~~  
2.30 ~~beds have been delicensed on the first day of the month following the change in number of~~  
2.31 ~~licensed beds. The nursing home must notify the commissioner of health in writing when~~  
2.32 ~~beds are licensed or delicensed. The commissioner of health must notify the commissioner~~  
2.33 ~~of human services within ten working days after receiving written notification. If the~~  
2.34 ~~notification is received by the commissioner of human services by the 15th of the month,~~  
2.35 ~~the invoice for the second following month must be reduced to recognize the delicensing~~  
2.36 ~~of beds. Beds on layaway status continue to be subject to the surcharge.~~ The commissioner  
2.37 of human services must acknowledge a medical care surcharge appeal within ~~30~~ 90 days  
2.38 of receipt of the written appeal from the provider.

2.39 (b) Effective July 1, 1994, the surcharge in paragraph (a) shall be increased to \$625  
2.40 January 1, 2026, or the first day of the month following federal approval, whichever is later.  
2.41 the surcharge under this subdivision shall be increased to \$5,900.

3.1 (e) Effective August 15, 2002, the surcharge under paragraph (b) shall be increased to  
3.2 \$990.

3.3 (d) Effective July 15, 2003, the surcharge under paragraph (c) shall be increased to  
3.4 \$2,815.

3.5 ~~(e) (c)~~ The commissioner ~~may reduce, and may subsequently restore, the surcharge under~~  
3.6 ~~paragraph (d) based on the commissioner's determination of a permissible surcharge must~~  
3.7 ~~decrease the amount under this subdivision as necessary to remain under the allowable~~  
3.8 ~~federal tax percent in Code of Federal Regulations, title 42, part 433.~~

3.9 **EFFECTIVE DATE.** This section is effective the day following final enactment.

3.10 Sec. 2. Minnesota Statutes 2024, section 256.9657, subdivision 7a, is amended to read:

3.11 Subd. 7a. **Withholding.** If any provider obligated to pay an annual surcharge under this  
3.12 section is more than two months delinquent in the timely payment of a monthly surcharge  
3.13 installment payment, the provisions in paragraphs (a) to (f) apply.

3.14 (a) The department may withhold some or all of the amount of the delinquent surcharge,  
3.15 together with any interest and penalties due and owing on those amounts, from any money  
3.16 the department owes to the provider. The department may, at its discretion, also withhold  
3.17 future surcharge installment payments from any money the department owes the provider  
3.18 as those installments become due and owing. The department may continue this withholding  
3.19 until the department determines there is no longer any need to do so.

3.20 (b) The department shall give prior notice of the department's intention to withhold by  
3.21 mailing or emailing a ~~written~~ notice to the provider at the address to which remittance  
3.22 advices are mailed, placing the notice in the provider's MN-ITS mailbox, or faxing a copy

15.7 an annual surcharge according to the schedule in subdivision 4. The surcharge shall be  
15.8 calculated as ~~\$620~~ \$2,815 per licensed bed. If the number of licensed beds is ~~reduced~~, the  
15.9 surcharge shall be based on the number of ~~remaining~~ licensed beds ~~the second month~~  
15.10 ~~following the receipt of timely notice by the commissioner of human services that beds~~  
15.11 ~~have been delicensed. The nursing home must notify the commissioner of health in writing~~  
15.12 ~~when beds are delicensed. The commissioner of health must notify the commissioner of~~  
15.13 ~~human services within ten working days after receiving written notification. If the notification~~  
15.14 ~~is received by the commissioner of human services by the 15th of the month, the invoice~~  
15.15 ~~for the second following month must be reduced to recognize the delicensing of beds. Beds~~  
15.16 ~~on layaway status continue to be subject to the surcharge.~~ The commissioner of human  
15.17 services must acknowledge a medical care surcharge appeal within 30 days of receipt of  
15.18 the written appeal from the provider.

15.19 (b) Effective July 1, 1994, the surcharge in paragraph (a) shall be increased to \$625.

15.20 (e) Effective August 15, 2002, the surcharge under paragraph (b) shall be increased to  
15.21 \$990.

15.22 (d) Effective July 15, 2003, the surcharge under paragraph (c) shall be increased to  
15.23 \$2,815.

15.24 ~~(e) (b)~~ The commissioner ~~may reduce, and may subsequently restore, the surcharge~~  
15.25 ~~under paragraph (d) (a) based on the commissioner's determination of a permissible surcharge.~~

15.26 **EFFECTIVE DATE.** This section is effective the day following final enactment.

3.23 of the notice to the provider at least ten business days before the date of the first payment  
3.24 period for which the withholding begins. The notice may be sent by ordinary or certified  
3.25 mail, email, MN-ITS mailbox, or facsimile, and shall be deemed received as of the date of  
3.26 mailing or receipt issuance of the facsimile, email, MN-ITS mailbox, or distribution. The  
3.27 notice shall:

3.28 (1) state the amount of the delinquent surcharge;

3.29 (2) state the amount of the withholding per payment period;

3.30 (3) state the date on which the withholding is to begin;

3.31 (4) state whether the department intends to withhold future installments of the provider's  
3.32 surcharge payments;

4.1 (5) inform the provider of their rights to informally object to the proposed withholding  
4.2 and to appeal the withholding as provided for in this subdivision;

4.3 (6) state that the provider may prevent the withholding during the pendency of their  
4.4 appeal by posting a bond; and

4.5 (7) state other contents as the department deems appropriate.

4.6 (c) The provider may informally object to the withholding in writing anytime before the  
4.7 withholding begins. An informal objection shall not stay or delay the commencement of  
4.8 the withholding. The department may postpone the commencement of the withholding as  
4.9 deemed appropriate and shall not be required to give another notice at the end of the  
4.10 postponement and before commencing the withholding. The provider shall have the right  
4.11 to appeal any withholding from remittances by filing an appeal with Ramsey County District  
4.12 Court and serving notice of the appeal on the department within 30 days of the date of the  
4.13 written notice of the withholding. Notice shall be given and the appeal shall be heard no  
4.14 later than 45 days after the appeal is filed. In a hearing of the appeal, the department's action  
4.15 shall be sustained if the department proves the amount of the delinquent surcharges or  
4.16 overpayment the provider owes, plus any accrued interest and penalties, has not been repaid.  
4.17 The department may continue withholding for delinquent and current surcharge installment  
4.18 payments during the pendency of an appeal unless the provider posts a bond from a surety  
4.19 company licensed to do business in Minnesota in favor of the department in an amount  
4.20 equal to two times the provider's total annual surcharge payment for the fiscal year in which  
4.21 the appeal is filed with the department.

4.22 (d) The department shall refund any amounts due to the provider under any final  
4.23 administrative or judicial order or decree which fully and finally resolves the appeal together  
4.24 with interest on those amounts at the rate of three percent per annum simple interest computed  
4.25 from the date of each withholding, as soon as practical after entry of the order or decree.

4.26 (e) The commissioner, or the commissioner's designee, may enter into written settlement  
4.27 agreements with a provider to resolve disputes and other matters involving unpaid surcharge  
4.28 installment payments or future surcharge installment payments.

4.29 (f) Notwithstanding any law to the contrary, all unpaid surcharges, plus any accrued  
4.30 interest and penalties, shall be overpayments for purposes of section 256B.0641.

15.27 Sec. 7. **[256.9746] AGE-FRIENDLY MINNESOTA COUNCIL.**

15.28 Subdivision 1. **Establishment.** The Age-Friendly Minnesota Council is established to  
15.29 coordinate work across sectors, including state government, nonprofits, communities,  
15.30 businesses, and others, to ensure the state is an age-friendly state.

15.31 Subd. 2. **Membership.** (a) The council consists of 15 voting members.

16.1 (b) Each of the following commissioners and multimember state agencies must designate  
16.2 an Age-Friendly Minnesota lead and appoint that designee to serve as a council member:

16.3 (1) the Minnesota Board on Aging;

16.4 (2) the commissioner of commerce;

16.5 (3) the commissioner of employment and economic development;

16.6 (4) the commissioner of health;

16.7 (5) the commissioner of housing;

16.8 (6) the commissioner of human services;

16.9 (7) the commissioner of transportation;

16.10 (8) the commissioner of veterans affairs; and

16.11 (9) the Metropolitan Council.

16.12 (c) The governor shall appoint six additional public members to represent older adults  
16.13 in communities experiencing disparities, direct service caregivers, businesses, experts on  
16.14 aging, local governments, and Tribal communities. The appointment, terms, compensation,  
16.15 and removal of public members shall be as provided in section 15.059.

16.16 (d) Other state agencies and boards may participate on the council in a nonvoting capacity.

16.17 Subd. 3. **Chairperson; executive committee.** (a) The council shall elect a chairperson  
16.18 and other officers as it deems necessary and in accordance with the council's operating  
16.19 procedures.

16.20 (b) The council shall be governed by an executive committee elected by the members  
16.21 of the council. One member of the executive committee must be the council chairperson.

16.22 (c) The executive committee may appoint additional subcommittees and work groups  
16.23 as necessary to fulfill the duties of the council.

- 16.24 Subd. 4. **Meetings.** (a) The council shall meet at the call of the chairperson or at the  
16.25 request of a majority of council members. The council must meet at least quarterly. Meetings  
16.26 of the council are subject to section 13D.01, and notice of its meetings is governed by section  
16.27 13D.04.
- 16.28 (b) Notwithstanding section 13D.01, the council may conduct a meeting of its members  
16.29 by telephone or other electronic means so long as:
- 17.1 (1) all members of the council participating in the meeting, wherever their physical  
17.2 location, can hear one another and can hear all discussion and testimony;
- 17.3 (2) members of the public present at the regular meeting location of the council can hear  
17.4 all discussion and all votes of members of the council and participate in testimony;
- 17.5 (3) at least one member of the council is physically present at the regular meeting location;  
17.6 and
- 17.7 (4) each member's vote on each issue is identified and recorded by a roll call.
- 17.8 (c) Each member of the council participating in a meeting by telephone or other electronic  
17.9 means is considered present at the meeting for the purposes of determining a quorum and  
17.10 participating in all proceedings. If telephone or another electronic means is used to conduct  
17.11 a meeting, the council, to the extent practicable, shall allow a person to monitor the meeting  
17.12 from a remote location. If telephone or another electronic means is used to conduct a regular,  
17.13 special, or emergency meeting, the council shall provide notice of the regular meeting  
17.14 location, that some members may participate by electronic means, and of the option to  
17.15 monitor the meeting electronically from a remote location.
- 17.16 Subd. 5. **Duties.** (a) The council's duties may include but are not limited to:
- 17.17 (1) elevating the voice of older adults in developing the vision and action plan for an  
17.18 age-friendly state;
- 17.19 (2) engaging with the community, including older adults, caregivers, businesses, experts,  
17.20 advocacy organizations, and other interested parties, to provide recommendations and update  
17.21 interested parties on the council's recommendations;
- 17.22 (3) identifying opportunities for and barriers to collaboration and coordination among  
17.23 services and state agencies responsible for funding and administering programs and  
17.24 public-private partnerships;
- 17.25 (4) promoting equity and making progress toward equitable outcomes by examining  
17.26 programs, policies, and practices to ensure they address disparities experienced by older  
17.27 adults in greater Minnesota, older adults of color, and indigenous older adults;



- 17.28 (5) catalyzing age-friendly work at the local level, engaging with and empowering older  
17.29 adults, local constituents, elected officials, and other interested parties to create change in  
17.30 every community;
- 17.31 (6) establishing a statewide framework that allows for local flexibility to tap into the  
17.32 potential presented by our aging communities and elevates aging across all of Minnesota;
- 18.1 (7) reviewing, awarding, and monitoring grants under section 256.9747;
- 18.2 (8) assessing and examining relevant programs, policies, practices, and services to make  
18.3 budget and policy recommendations to establish age-friendly policies in law with appropriate  
18.4 financial support to ensure Minnesota continues to lead on age-friendly initiatives; and
- 18.5 (9) making budget and policy recommendations to the governor, commissioners, boards,  
18.6 other state agencies, and the legislature to further the council's mission to ensure the state  
18.7 is an age-friendly state.
- 18.8 (b) The council may accept technical assistance and in-kind services from outside  
18.9 organizations for purposes consistent with the council's role and authority.
- 18.10 Subd. 6. **Administration.** The Minnesota Board on Aging and Department of Human  
18.11 Services shall provide staffing and administrative support to the council.
- 18.12 Subd. 7. **Annual report.** Beginning January 1, 2026, and every two years thereafter,  
18.13 the council shall publish a public report on the council's activities, the uses and measurable  
18.14 outcomes of the grant activities funded under section 256.9747, the council's  
18.15 recommendations, proposed changes to statutes or rules, and other issues the council may  
18.16 choose to report.
- 18.17 Sec. 8. **[256.9747] AGE-FRIENDLY MINNESOTA GRANTS.**
- 18.18 Subdivision 1. **Age-friendly community grants.** The commissioner of human services,  
18.19 in collaboration with the Minnesota Board on Aging and the Age-Friendly Minnesota  
18.20 Council, shall develop the age-friendly community grant program to help communities,  
18.21 including cities, counties, other municipalities, Tribes, and collaborative efforts become  
18.22 age-friendly communities, with an emphasis on structures, services, and community features  
18.23 necessary to support older adult residents, including but not limited to:
- 18.24 (1) coordination of health and social services;
- 18.25 (2) transportation access;
- 18.26 (3) safe, affordable places to live;
- 18.27 (4) reducing social isolation and improving wellness;
- 18.28 (5) combating ageism and racism against older adults;
- 18.29 (6) accessible outdoor space and buildings;

4.31 Sec. 3. Minnesota Statutes 2024, section 256.9752, subdivision 3, is amended to read:

4.32 Subd. 3. **Nutrition support services.** (a) Funds allocated to an area agency on aging

4.33 for nutrition support services may be used for the following:

5.1 (1) transportation of home-delivered meals and purchased food and medications to the

5.2 residence of a senior citizen;

5.3 (2) expansion of home-delivered meals into unserved and underserved areas;

5.4 (3) transportation to supermarkets or delivery of groceries from supermarkets to homes;

5.5 (4) vouchers for food purchases at selected restaurants in isolated rural areas;

5.6 (5) the Supplemental Nutrition Assistance Program (SNAP) outreach;

5.7 (6) transportation of seniors to congregate dining sites;

5.8 (7) nutrition screening assessments and counseling as needed by individuals with special

5.9 dietary needs, performed by a licensed dietitian or nutritionist; ~~and~~

5.10 (8) other appropriate services which support senior nutrition programs, including new

5.11 service delivery models; and

5.12 (9) innovative models of providing healthy and nutritious meals to seniors, including

5.13 through partnerships with schools, restaurants, and other community partners.

5.14 (b) An area agency on aging may transfer unused funding for nutrition support services

5.15 to fund congregate dining services and home-delivered meals, but state money transferred

5.16 under this paragraph is not subject to federal requirements.

18.30 (7) communication and information technology access; and

18.31 (8) opportunities to stay engaged and economically productive.

19.1 Subd. 2. Age-friendly technical assistance grants. The commissioner of human services,

19.2 in collaboration with the Minnesota Board on Aging and the Age-Friendly Minnesota

19.3 Council, shall develop the age-friendly technical assistance grant program to support

19.4 communities and organizations who need assistance in applying for age-friendly community

19.5 grants and implementing various aspects of their grant-funded projects.

19.6 Sec. 9. Minnesota Statutes 2024, section 256.9752, subdivision 2, is amended to read:

19.7 Subd. 2. **Authority.** The Minnesota Board on Aging shall allocate to area agencies on

19.8 aging the state and federal funds which are received for the senior nutrition programs of

19.9 congregate dining and home-delivered meals in a manner consistent with federal

19.10 requirements.

19.11 **EFFECTIVE DATE.** This section is effective the day following final enactment.

19.12 Sec. 10. Minnesota Statutes 2024, section 256.9752, subdivision 3, is amended to read:

19.13 Subd. 3. **Nutrition support services.** (a) Funds allocated to an area agency on aging

19.14 for nutrition support services may be used for the following:

19.15 (1) transportation of home-delivered meals and purchased food and medications to the

19.16 residence of a senior citizen;

19.17 (2) expansion of home-delivered meals into unserved and underserved areas;

19.18 (3) transportation to supermarkets or delivery of groceries from supermarkets to homes;

19.19 (4) vouchers for food purchases at selected restaurants in isolated rural areas;

19.20 (5) the Supplemental Nutrition Assistance Program (SNAP) outreach;

19.21 (6) transportation of seniors to congregate dining sites;

19.22 (7) nutrition screening assessments and counseling as needed by individuals with special

19.23 dietary needs, performed by a licensed dietitian or nutritionist; ~~and~~

19.24 (8) other appropriate services which support senior nutrition programs, including new

19.25 service delivery models; and

19.26 (9) innovative models of providing healthy and nutritious meals to seniors, including

19.27 through partnerships with schools, restaurants, and other community partners.

19.28 (b) An area agency on aging may transfer unused funding for nutrition support services

19.29 to fund congregate dining services and home-delivered meals, but state funds transferred

19.30 under this paragraph are not subject to federal requirements.

5.17 Sec. 4. Minnesota Statutes 2024, section 256B.0922, subdivision 1, is amended to read:

5.18 Subdivision 1. **Essential community supports.** (a) The purpose of the essential  
5.19 community supports program is to provide targeted services to persons age 65 and older  
5.20 who need essential community support, but whose needs do not meet the level of care  
5.21 required for nursing facility placement under section 144.0724, subdivision 11, and who  
5.22 are either 60 years of age or older or are persons with dementia.

5.23 (b) Essential community supports are available not to exceed \$400 per person per month.  
5.24 Essential community supports may be used as authorized within an authorization period  
5.25 not to exceed 12 months. Services must be available to a person who:

5.26 (1) is age 65 60 or older or has a score on the cognitive screening tool conducted as part  
5.27 of the MnCHOICES assessment under section 256B.0911 that indicates the possible presence  
5.28 of dementia;

5.29 (2) is not eligible for medical assistance;

5.30 (3) has received a community assessment under section 256B.0911, subdivisions 17 to  
5.31 21, 23, 24, or 27, and does not require the level of care provided in a nursing facility;

6.1 (4) meets the financial eligibility criteria for the alternative care program under section  
6.2 256B.0913, subdivision 4 under subdivision 3;

6.3 (5) has an assessment summary; and

6.4 (6) has been determined by a community assessment under section 256B.0911,  
6.5 subdivisions 17 to 21, 23, 24, or 27, to be a person who would require provision of at least  
6.6 one of the following services, as defined in the approved elderly waiver plan, in order to  
6.7 maintain their community residence:

6.8 (i) adult day services;

6.9 (ii) caregiver support;

6.10 (iii) homemaker support;

6.11 (iv) chores;

6.12 (v) a personal emergency response device or system;

6.13 (vi) home-delivered meals; ~~or~~

6.14 (vii) community living assistance as defined by the commissioner; or

6.15 (viii) respite care.

6.16 (c) The person receiving any of the essential community supports in this subdivision  
6.17 must also receive service coordination, not to exceed \$600 in a 12-month authorization  
6.18 period, as part of their assessment summary.

6.19 (d) A person who has been determined to be eligible for essential community supports  
6.20 must be reassessed at least annually and continue to meet the criteria in paragraph (b) to  
6.21 remain eligible for essential community supports.

6.22 (e) The commissioner is authorized to use federal matching funds for essential community  
6.23 supports as necessary and to meet demand for essential community supports as outlined in  
6.24 subdivision 2, and that amount of federal funds is appropriated to the commissioner for this  
6.25 purpose.

6.26 Sec. 5. Minnesota Statutes 2024, section 256B.0922, is amended by adding a subdivision  
6.27 to read:

6.28 Subd. 3. **Financial eligibility criteria.** (a) To be eligible for essential community  
6.29 supports, a person may have an income up to 400 percent of the federal poverty guidelines  
6.30 for the household size. When determining financial eligibility under this subdivision, the  
7.1 commissioner must use the income methodology described in section 256B.056, subdivision  
7.2 1a, paragraph (b).

7.3 (b) No asset limit applies to a person eligible for essential community supports.

20.1 Sec. 11. Minnesota Statutes 2024, section 256B.431, subdivision 30, is amended to read:

20.2 Subd. 30. **Bed layaway and delicensure.** (a) For rate years beginning on or after July  
20.3 1, 2000, a nursing facility reimbursed under this section which has placed beds on layaway  
20.4 shall, for purposes of application of the downsizing incentive in subdivision 3a, paragraph  
20.5 (c), and calculation of the rental per diem, have those beds given the same effect as if the  
20.6 beds had been delicensed so long as the beds remain on layaway. ~~At the time of a layaway,~~  
20.7 ~~a facility may change its single bed election for use in calculating capacity days under~~  
20.8 ~~Minnesota Rules, part 9549.0060, subpart 11.~~ The property payment rate increase shall be  
20.9 effective the first day of the month of January or July, whichever occurs first following the  
20.10 date on which the layaway of the beds becomes effective under section 144A.071, subdivision  
20.11 4b.

20.12 (b) For rate years beginning on or after July 1, 2000, notwithstanding any provision to  
20.13 the contrary under section 256B.434 or chapter 256R, a nursing facility reimbursed under  
20.14 that section or chapter that has placed beds on layaway shall, for so long as the beds remain  
20.15 on layaway, be allowed to:

20.16 (1) aggregate the applicable investment per bed limits based on the number of beds  
20.17 licensed immediately prior to entering the alternative payment system;

20.18 (2) ~~retain or change~~ the facility's single bed election for use in calculating capacity days  
20.19 under Minnesota Rules, part 9549.0060, subpart 11; and

20.20 (3) establish capacity days based on the number of beds immediately prior to the layaway  
20.21 and the number of beds after the layaway.

20.22 The commissioner shall increase the facility's property payment rate by the incremental  
20.23 increase in the rental per diem resulting from the recalculation of the facility's rental per  
20.24 diem applying only the changes resulting from the layaway of beds and clauses (1), (2), and  
20.25 (3). If a facility reimbursed under section 256B.434 or chapter 256R completes a moratorium  
20.26 exception project after its base year, the base year property rate shall be the moratorium  
20.27 project property rate. The base year rate shall be inflated by the factors in Minnesota Statutes  
20.28 2024, section 256B.434, subdivision 4, ~~paragraph (e)~~. The property payment rate increase  
20.29 shall be effective the first day of the month of January or July, whichever occurs first  
20.30 following the date on which the layaway of the beds becomes effective.

20.31 (c) If a nursing facility removes a bed from layaway status in accordance with section  
20.32 144A.071, subdivision 4b, the commissioner shall establish capacity days based on the  
20.33 number of licensed and certified beds in the facility not on layaway and shall reduce the  
20.34 nursing facility's property payment rate in accordance with paragraph (b).

21.1 (d) For the rate years beginning on or after July 1, 2000, notwithstanding any provision  
21.2 to the contrary under section 256B.434 or chapter 256R, a nursing facility reimbursed under  
21.3 that section or chapter that has delicensed beds after July 1, 2000, by giving notice of the  
21.4 delicensure to the commissioner of health according to the notice requirements in section  
21.5 144A.071, subdivision 4b, shall be allowed to:

21.6 (1) aggregate the applicable investment per bed limits based on the number of beds  
21.7 licensed immediately prior to entering the alternative payment system;

21.8 (2) retain ~~or change~~ the facility's single bed election for use in calculating capacity days  
21.9 under Minnesota Rules, part 9549.0060, subpart 11; and

21.10 (3) establish capacity days based on the number of beds immediately prior to the  
21.11 delicensure and the number of beds after the delicensure.

21.12 The commissioner shall increase the facility's property payment rate by the incremental  
21.13 increase in the rental per diem resulting from the recalculation of the facility's rental per  
21.14 diem applying only the changes resulting from the delicensure of beds and clauses (1), (2),  
21.15 and (3). If a facility reimbursed under section 256B.434 completes a moratorium exception  
21.16 project after its base year, the base year property rate shall be the moratorium project property  
21.17 rate. The base year rate shall be inflated by the factors in Minnesota Statutes 2024, section  
21.18 256B.434, subdivision 4, ~~paragraph (e)~~. The property payment rate increase shall be effective  
21.19 the first day of the month of January or July, whichever occurs first following the date on  
21.20 which the delicensure of the beds becomes effective.

21.21 (e) For nursing facilities reimbursed under this section, section 256B.434, or chapter  
21.22 256R, any beds placed on layaway shall not be included in calculating facility occupancy  
21.23 as it pertains to leave days defined in Minnesota Rules, part 9505.0415.

21.24 (f) For nursing facilities reimbursed under this section, section 256B.434, or chapter  
21.25 256R, the rental rate calculated after placing beds on layaway may not be less than the rental  
21.26 rate prior to placing beds on layaway.

7.4       Sec. 6. Minnesota Statutes 2024, section 256B.434, subdivision 4k, is amended to read:

7.5           Subd. 4k. **Property rate increase for certain nursing facilities.** (a) A rate increase

7.6       under this subdivision ends upon the effective date of the transition of the facility's property

7.7       rate to a property payment rate under section 256R.26, subdivision 8, ~~or May 31, 2026,~~

7.8       ~~whichever is earlier.~~

7.9           (b) The commissioner shall increase the property rate of a nursing facility located in the

7.10       city of St. Paul at 1415 Almond Avenue in Ramsey County by \$10.65 on January 1, 2025.

7.11          (c) The commissioner shall increase the property rate of a nursing facility located in the

7.12       city of Duluth at 3111 Church Place in St. Louis County by \$20.81 on January 1, 2025.

7.13          (d) The commissioner shall increase the property rate of a nursing facility located in the

7.14       city of Chatfield at 1102 Liberty Street SE in Fillmore County by \$21.35 on January 1,

7.15       2025.

21.27       (g) A nursing facility receiving a rate adjustment as a result of this section shall comply

21.28       with section 256R.06, subdivision 5.

21.29       (h) A facility that does not utilize the space made available as a result of bed layaway

21.30       or delicensure under this subdivision to reduce the number of beds per room or provide

21.31       more common space for nursing facility uses or perform other activities related to the

21.32       operation of the nursing facility shall have its property rate increase calculated under this

21.33       subdivision reduced by the ratio of the square footage made available that is not used for

22.1       these purposes to the total square footage made available as a result of bed layaway or

22.2       delicensure.

22.3       (i) The commissioner must not adjust the property payment rates under this subdivision

22.4       for beds placed in or removed from layaway on or after July 1, 2025.

22.5       **EFFECTIVE DATE.** This section is effective July 1, 2025.

22.6       Sec. 12. Minnesota Statutes 2024, section 256B.434, subdivision 4, is amended to read:

22.7           Subd. 4. **Alternate rates for nursing facilities.** Effective for the rate years beginning

22.8       on and after January 1, ~~2019~~ 2026, a nursing facility's property payment rate ~~for the second~~

22.9       ~~and subsequent years of a facility's contract~~ under this section ~~are~~ is the facility's previous

22.10       rate year's property payment rate ~~plus an inflation adjustment. The index for the inflation~~

22.11       ~~adjustment must be based on the change in the Consumer Price Index-All Items (United~~

22.12       ~~States City average) (CPI-U) forecasted by the Reports and Forecasts Division of the~~

22.13       ~~Department of Human Services, as forecasted in the fourth quarter of the calendar year~~

22.14       ~~preceding the rate year. The inflation adjustment must be based on the 12-month period~~

22.15       ~~from the midpoint of the previous rate year to the midpoint of the rate year for which the~~

22.16       ~~rate is being determined.~~

7.16 (c) Effective January 1, 2025, through June 30, 2025, the commissioner shall increase  
7.17 the property rate of a nursing facility located in the city of Fergus Falls at 1131 South  
7.18 Mabelle Avenue in Ottertail County by \$38.56.

7.19 **EFFECTIVE DATE.** This section is effective January 1, 2026.

7.20 Sec. 7. Minnesota Statutes 2024, section 256R.02, subdivision 19, is amended to read:

7.21 Subd. 19. **External fixed costs.** "External fixed costs" means costs related to the nursing  
7.22 home surcharge under section 256.9657, subdivision 1; licensure fees under section 144.122;  
7.23 family advisory council fee under section 144A.33; scholarships under section 256R.37;  
7.24 planned closure rate adjustments under section 256R.40; consolidation rate adjustments  
7.25 under section 144A.071, subdivisions 4c, paragraph (a), clauses (5) and (6), and 4d;  
7.26 single-bed room incentives under section 256R.41; property taxes, special assessments, and  
7.27 payments in lieu of taxes; employer health insurance costs; quality improvement incentive  
7.28 payment rate adjustments under section 256R.39; performance-based incentive payments  
7.29 under section 256R.38; special dietary needs under section 256R.51; Public Employees  
7.30 Retirement Association employer costs; and border city rate adjustments under section  
7.31 256R.481; and the rate adjustment for nursing home wage standards under section 256R.495.

8.1 **EFFECTIVE DATE.** This section is effective January 1, 2026, or upon federal approval,  
8.2 whichever is later, and applies retroactively to the rate year beginning January 1, 2026. The  
8.3 commissioner of human services shall notify the revisor of statutes when federal approval  
8.4 is obtained.

22.17 Sec. 13. Minnesota Statutes 2024, section 256R.02, subdivision 18, is amended to read:

22.18 Subd. 18. **Employer health insurance costs.** "Employer health insurance costs" means:

22.19 (1) premium expenses for group coverage;

22.20 (2) actual expenses incurred for self-insured plans, including actual claims paid, stop-loss  
22.21 premiums, and plan fees. Actual expenses incurred for self-insured plans does not include  
22.22 allowances for future funding unless the plan meets the Medicare provider reimbursement  
22.23 manual requirements for reporting on a premium basis when the Medicare provider  
22.24 reimbursement manual regulations define the actual costs; and

22.25 (3) employer contributions to employer-sponsored individual coverage health  
22.26 reimbursement arrangements as provided by Code of Federal Regulations, title 45, section  
22.27 146.123, employee health reimbursement accounts, and health savings accounts.

22.28 **EFFECTIVE DATE.** This section is effective the day following final enactment.

22.29 Sec. 14. Minnesota Statutes 2024, section 256R.02, subdivision 19, is amended to read:

22.30 Subd. 19. **External fixed costs.** "External fixed costs" means ~~costs related to the nursing~~  
22.31 ~~home surcharge under section 256.9657, subdivision 1; licensure fees under section 144.122;~~  
23.1 ~~family advisory council fee under section 144A.33; scholarships under section 256R.37;~~  
23.2 ~~planned closure rate adjustments under section 256R.40; consolidation rate adjustments~~  
23.3 ~~under section 144A.071, subdivisions 4c, paragraph (a), clauses (5) and (6), and 4d;~~  
23.4 ~~single-bed room incentives under section 256R.41; property taxes, special assessments, and~~  
23.5 ~~payments in lieu of taxes; employer health insurance costs; quality improvement incentive~~  
23.6 ~~payment rate adjustments under section 256R.39; performance-based incentive payments~~  
23.7 ~~under section 256R.38; special dietary needs under section 256R.51; Public Employees~~  
23.8 ~~Retirement Association employer costs; and border city rate adjustments under section~~  
23.9 ~~256R.481; the items described in section 256R.25.~~

23.10 **EFFECTIVE DATE.** This section is effective January 1, 2026.

23.11 Sec. 15. Minnesota Statutes 2024, section 256R.02, subdivision 22, is amended to read:

23.12 Subd. 22. **Fringe benefit costs.** "Fringe benefit costs" means the costs for group life;  
23.13 dental; workers' compensation; short- and long-term disability; long-term care insurance;



8.5 Sec. 8. Minnesota Statutes 2024, section 256R.02, is amended by adding a subdivision to  
8.6 read:

8.7 Subd. 25b. **Known cost change factor.** "Known cost change factor" means 1.00 plus  
8.8 the average amount of increase in minimum wages for nursing home employees approved  
8.9 by the Nursing Home Workforce Standards Board established under section 181.212 that  
8.10 have taken effect within the previous 12 months.

8.11 **EFFECTIVE DATE.** This section is effective January 1, 2027, or upon federal approval,  
8.12 whichever is later, and applies retroactively to the rate year beginning January 1, 2027. The  
8.13 commissioner of human services shall notify the revisor of statutes when federal approval  
8.14 is obtained.

8.15 Sec. 9. Minnesota Statutes 2024, section 256R.02, is amended by adding a subdivision to  
8.16 read:

8.17 Subd. 36a. **Patient driven payment model or PDPM.** "Patient driven payment model"  
8.18 or "PDPM" has the meaning given in section 144.0724, subdivision 2.

8.19 **EFFECTIVE DATE.** This section is effective the day following final enactment.

8.20 Sec. 10. Minnesota Statutes 2024, section 256R.02, is amended by adding a subdivision  
8.21 to read:

8.22 Subd. 45a. **Resource utilization group or RUG.** "Resource utilization group" or "RUG"  
8.23 has the meaning given in section 144.0724, subdivision 2.

8.24 **EFFECTIVE DATE.** This section is effective the day following final enactment.

23.14 accident insurance; supplemental insurance; legal assistance insurance; profit sharing;  
23.15 child care costs; health insurance costs not covered under subdivision 18, including costs  
23.16 associated with eligible part-time employee family members or retirees; and pension and  
23.17 retirement plan contributions, except for the Public Employees Retirement Association  
23.18 costs.

23.19 **EFFECTIVE DATE.** This section is effective the day following final enactment.

23.20 Sec. 16. Minnesota Statutes 2024, section 256R.02, is amended by adding a subdivision  
23.21 to read:

23.22 Subd. 36a. **Patient driven payment model or PDPM.** "Patient driven payment model"  
23.23 or "PDPM" has the meaning given in section 144.0724, subdivision 2.

23.24 **EFFECTIVE DATE.** This section is effective the day following final enactment.

23.25 Sec. 17. Minnesota Statutes 2024, section 256R.02, is amended by adding a subdivision  
23.26 to read:

23.27 Subd. 45a. **Resource utilization group or RUG.** "Resource utilization group" or "RUG"  
23.28 has the meaning given in section 144.0724, subdivision 2.

23.29 **EFFECTIVE DATE.** This section is effective the day following final enactment.

24.1 Sec. 18. Minnesota Statutes 2024, section 256R.10, subdivision 8, is amended to read:

24.2 Subd. 8. **Employer health insurance costs.** (a) Employer health insurance costs are  
24.3 allowable for (1) all nursing facility employees and (2) the spouse and dependents of those  
24.4 nursing facility employees who are employed on average at least 30 hours per week.

24.5 (b) Effective for the rate year beginning on January 1, 2026, the annual reimbursement  
24.6 cap for health insurance costs is \$14,703, as adjusted according to paragraph (c). The  
24.7 allowable costs for health insurance must not exceed the reimbursement cap multiplied by  
24.8 the annual average month end number of allowed enrolled nursing facility employees from  
24.9 the applicable cost report period. For shared employees, the allowable number of enrolled  
24.10 employees includes only the nursing facility percentage of any shared allowed enrolled

8.25 Sec. 11. Minnesota Statutes 2024, section 256R.23, subdivision 2, is amended to read:

8.26 Subd. 2. **Calculation of direct care cost per standardized day.** Each facility's direct  
8.27 care cost per standardized day is calculated as follows: (1) multiply the facility's direct care  
8.28 costs ~~divided~~ and the known cost change factor; and (2) divide the result of clause (1) by  
8.29 the sum of the facility's standardized days. A facility's direct care cost per standardized day  
8.30 is the facility's cost per day for direct care services associated with a case mix index of 1.00.

9.1 **EFFECTIVE DATE.** This section is effective January 1, 2027, or upon federal approval,  
9.2 whichever is later, and applies retroactively to the rate year beginning January 1, 2027. The  
9.3 commissioner of human services shall notify the revisor of statutes when federal approval  
9.4 is obtained.

9.5 Sec. 12. Minnesota Statutes 2024, section 256R.23, subdivision 3, is amended to read:

9.6 Subd. 3. **Calculation of other care-related cost per resident day.** Each facility's other  
9.7 care-related cost per resident day is ~~is~~ calculated as follows:

9.8 (1) multiply the facility's other care-related costs, ~~divided~~ and the known cost change  
9.9 factor; and

9.10 (2) divide the result of clause (1) by the sum of the facility's resident days.

9.11 **EFFECTIVE DATE.** This section is effective January 1, 2027, or upon federal approval,  
9.12 whichever is later, and applies retroactively to the rate year beginning January 1, 2027. The

24.11 employees. The allowable number of enrolled employees must not include non-nursing  
24.12 facility employees or individuals who elect COBRA continuation coverage.

24.13 (c) Effective for rate years beginning on or after January 1, 2026, the commissioner shall  
24.14 adjust the annual reimbursement cap for employer health insurance costs by the previous  
24.15 year's cap plus an inflation adjustment. The commissioner must index for the inflation based  
24.16 on the change in the Consumer Price Index (all items-urban) (CPI-U) forecasted by the  
24.17 Reports and Forecast Division of the Department of Human Services in the fourth quarter  
24.18 of the calendar year preceding the rate year. The commissioner must base the inflation  
24.19 adjustment on the 12-month period from the second quarter of the previous cost report year  
24.20 to the second quarter of the cost report year for which the cap is being applied.

24.21 ~~(b)~~ (d) The commissioner must not treat employer contributions to employer-sponsored  
24.22 individual coverage health reimbursement arrangements as allowable costs if the facility  
24.23 does not provide the commissioner copies of the employer-sponsored individual coverage  
24.24 health reimbursement arrangement plan documents and documentation of any health  
24.25 insurance premiums and associated co-payments reimbursed under the arrangement.  
24.26 Documentation of reimbursements must denote any reimbursements for health insurance  
24.27 premiums or associated co-payments incurred by the spouses or dependents of nursing  
24.28 facility employees who work on average less than 30 hours per week.

24.29 **EFFECTIVE DATE.** This section is effective the day following final enactment.

9.13 commissioner of human services shall notify the revisor of statutes when federal approval  
9.14 is obtained.

24.30 Sec. 19. Minnesota Statutes 2024, section 256R.23, subdivision 5, is amended to read:

24.31 Subd. 5. **Determination of total care-related payment rate limits.** (a) The commissioner  
24.32 must determine each facility's total care-related payment rate limit by:

25.1 (1) multiplying the facility's quality score, as determined under section 256R.16,  
25.2 subdivision 1, by 0.5625;

25.3 (2) adding 89.375 to the amount determined in clause (1), and dividing the total by 100;  
25.4 and

25.5 (3) multiplying the amount determined in clause (2) by the median total care-related  
25.6 cost per day.

25.7 (b) Notwithstanding paragraph (a), effective January 1, 2026, through December 31,  
25.8 2029, the commissioner must determine each facility's total care-related payment rate limit  
25.9 by:

25.10 (1) multiplying the facility's quality score, as determined under section 256R.16,  
25.11 subdivision 1, by 2.0;

25.12 (2) subtracting 40 from the amount determined in clause (1), and dividing the total by  
25.13 100; and

25.14 (3) multiplying the amount determined in clause (2) by the median total care-related  
25.15 cost per day.

25.16 This paragraph expires January 1, 2030.

25.17 **EFFECTIVE DATE.** This section is effective January 1, 2026.

25.18 Sec. 20. Minnesota Statutes 2024, section 256R.23, subdivision 7, is amended to read:

25.19 Subd. 7. **Determination of direct care payment rates.** (a) A facility's direct care  
25.20 payment rate equals the lesser of (1) the facility's direct care costs per standardized day, or  
25.21 (2) the facility's direct care costs per standardized day divided by its cost to limit ratio.

25.22 (b) Notwithstanding paragraph (a), effective January 1, 2026, through December 31,  
25.23 2029, a facility's direct care payment rate equals the lesser of (1) the facility's direct care  
25.24 costs per standardized day, (2) the facility's direct care costs per standardized day divided  
25.25 by its cost to limit ratio, or (3) 104 percent of the previous year's direct care payment rate.  
25.26 This paragraph expires January 1, 2030.

25.27 **EFFECTIVE DATE.** This section is effective January 1, 2026.

9.15 Sec. 13. Minnesota Statutes 2024, section 256R.24, subdivision 1, is amended to read:

9.16 Subdivision 1. **Determination of other operating cost per day.** Each facility's other

9.17 operating cost per day is ~~its~~ calculated as follows:

9.18 (1) multiply the facility's other operating costs ~~divided~~ and the known cost change factor;

9.19 and

9.20 (2) divide the result of clause (1) by the sum of the facility's resident days.

9.21 **EFFECTIVE DATE.** This section is effective January 1, 2027, or upon federal approval,

9.22 whichever is later, and applies retroactively to the rate year beginning January 1, 2027. The

9.23 commissioner of human services shall notify the revisor of statutes when federal approval

9.24 is obtained.

25.28 Sec. 21. Minnesota Statutes 2024, section 256R.23, subdivision 8, is amended to read:

25.29 Subd. 8. **Determination of other care-related payment rates.** (a) A facility's other

25.30 care-related payment rate equals the lesser of (1) the facility's other care-related cost per

26.1 resident day, or (2) the facility's other care-related cost per resident day divided by its cost

26.2 to limit ratio.

26.3 (b) Notwithstanding paragraph (a), effective January 1, 2026, through December 31,

26.4 2029, a facility's other care-related payment rate equals the lesser of (1) the facility's other

26.5 care-related cost per resident day, (2) the facility's other care-related cost per resident day

26.6 divided by its cost to limit ratio, or (3) 104 percent of the previous year's other care-related

26.7 payment rate. This paragraph expires January 1, 2030.

26.8 **EFFECTIVE DATE.** This section is effective January 1, 2026.

26.9 Sec. 22. Minnesota Statutes 2024, section 256R.24, subdivision 3, is amended to read:

26.10 Subd. 3. **Determination of the other operating payment rate.** (a) A facility's other

26.11 operating payment rate equals 105 percent of the median other operating cost per day.

26.12 (b) Notwithstanding paragraph (a), effective January 1, 2026, through December 31,

26.13 2029, a facility's other operating payment rate equals the lesser of 105 percent of the median

26.14 other operating cost per day or 104 percent of the previous year's other operating payment

26.15 rate. This paragraph expires January 1, 2030.

26.16 **EFFECTIVE DATE.** This section is effective January 1, 2026.

9.25 Sec. 14. Minnesota Statutes 2024, section 256R.25, is amended to read:

9.26 **256R.25 EXTERNAL FIXED COSTS PAYMENT RATE.**

9.27 Subdivision 1. **Determination of external fixed cost payment rate.** ~~(a)~~ The payment  
9.28 rate for external fixed costs is the sum of the amounts in ~~paragraphs (b) to (p)~~ subdivisions  
9.29 2 to 17.

10.1 Subd. 2. **Provider surcharges.** ~~(b)~~ For a facility licensed as a nursing home, the portion  
10.2 related to the provider surcharge under section 256.9657 is equal to ~~\$8.86~~ \$19.02 per resident  
10.3 day. For a facility licensed as both a nursing home and a boarding care home, the portion  
10.4 related to the provider surcharge under section 256.9657 is equal to ~~\$8.86~~ \$19.02 per resident  
10.5 day multiplied by the result of its number of nursing home beds divided by its total number  
10.6 of licensed beds. The commissioner must decrease the portion related to the provider  
10.7 surcharge as necessary to conform to decreases in the nursing home license surcharge fee  
10.8 under section 256.9657.

10.9 Subd. 3. **Licensure fees.** ~~(c)~~ The portion related to the licensure fee under section 144.122,  
10.10 paragraph (d), is the amount of the fee divided by the sum of the facility's resident days.

10.11 Subd. 4. **Advisory councils.** ~~(d)~~ The portion related to development and education of  
10.12 resident and family advisory councils under section 144A.33 is \$5 per resident day divided  
10.13 by 365.

10.14 Subd. 5. **Scholarships.** ~~(e)~~ The portion related to scholarships is determined under section  
10.15 256R.37.

10.16 Subd. 6. **Planned closures.** ~~(f)~~ The portion related to planned closure rate adjustments  
10.17 is as determined under section 256R.40, subdivision 5, and Minnesota Statutes 2010, section  
10.18 256B.436.

10.19 Subd. 7. **Consolidations.** ~~(g)~~ The portion related to consolidation rate adjustments ~~shall~~  
10.20 ~~be as determined under section 144A.071, subdivisions 4c, paragraph (a), clauses (5) and~~  
10.21 ~~(6), and 4d.~~

10.22 Subd. 8. **Single-bed rooms.** ~~(h)~~ The portion related to single-bed room incentives is as  
10.23 determined under section 256R.41.

10.24 Subd. 9. **Taxes.** ~~(i)~~ The portions related to real estate taxes, special assessments, and  
10.25 payments made in lieu of real estate taxes directly identified or allocated to the nursing  
10.26 facility are the allowable amounts divided by the sum of the facility's resident days. Allowable  
10.27 costs under this paragraph for payments made by a nonprofit nursing facility that are in lieu

26.17 Sec. 23. Minnesota Statutes 2024, section 256R.25, is amended to read:

26.18 **256R.25 EXTERNAL FIXED COSTS PAYMENT RATE.**

26.19 Subdivision 1. **Determination of external fixed cost payment rate.** ~~(a)~~ The payment  
26.20 rate for external fixed costs is the sum of the amounts in ~~paragraphs (b) to (p)~~ subdivisions  
26.21 2 to 14.

26.22 Subd. 2. **Provider surcharges.** ~~(b)~~ For a facility licensed as a nursing home, the portion  
26.23 related to the provider surcharge under section 256.9657 is equal to ~~\$8.86~~ per resident day.  
26.24 For a facility licensed as both a nursing home and a boarding care home, the portion related  
26.25 to the provider surcharge under section 256.9657 is equal to ~~\$8.86~~ per resident day multiplied  
26.26 by the result of its number of nursing home beds divided by its total number of licensed  
26.27 beds.

26.28 Subd. 3. **Licensure fees.** ~~(c)~~ The portion related to the licensure fee under section 144.122,  
26.29 paragraph (d), is the amount of the fee divided by the sum of the facility's resident days.

27.1 Subd. 4. **Advisory councils.** ~~(d)~~ The portion related to development and education of  
27.2 resident and family advisory councils under section 144A.33 is \$5 per resident day divided  
27.3 by 365.

27.4 Subd. 5. **Scholarships.** ~~(e)~~ The portion related to scholarships is determined under section  
27.5 256R.37.

27.6 ~~(f) The portion related to planned closure rate adjustments is as determined under section~~  
27.7 ~~256R.40, subdivision 5, and Minnesota Statutes 2010, section 256B.436.~~

27.8 Subd. 6. **Consolidation.** ~~(g)~~ The portion related to consolidation rate adjustments ~~shall~~  
27.9 ~~be as determined under section 144A.071, subdivisions 4c, paragraph (a), clauses (5) and~~  
27.10 ~~(6), and 4d is the amount specified in section 256R.405.~~

27.11 ~~(h) The portion related to single-bed room incentives is as determined under section~~  
27.12 ~~256R.41.~~

27.13 Subd. 7. **Taxes.** ~~(i)~~ The portions related to real estate taxes, special assessments, and  
27.14 payments made in lieu of real estate taxes directly identified or allocated to the nursing  
27.15 facility are the allowable amounts divided by the sum of the facility's resident days. Allowable  
27.16 costs under this paragraph for payments made by a nonprofit nursing facility that are in lieu

10.28 of real estate taxes shall not exceed the amount which the nursing facility would have paid  
10.29 to a city or township and county for fire, police, sanitation services, and road maintenance  
10.30 costs had real estate taxes been levied on that property for those purposes.

10.31 Subd. 10. **Health insurance.** ~~(+)~~ The portion related to employer health insurance costs  
10.32 is the calculated as follows:

11.1 (1) multiply the facility's allowable employer health insurance costs divided and the  
11.2 known cost change factor; and

11.3 (2) divide the result of clause (1) by the sum of the facility's resident days.

11.4 Subd. 11. **Public employees retirement.** ~~(+)~~ The portion related to the Public Employees  
11.5 Retirement Association is the allowable costs divided by the sum of the facility's resident  
11.6 days.

11.7 Subd. 12. **Quality improvement incentives.** ~~(+)~~ The portion related to quality  
11.8 improvement incentive payment rate adjustments is the amount determined under section  
11.9 256R.39.

11.10 Subd. 13. **Performance-based incentives.** ~~(+)~~ The portion related to performance-based  
11.11 incentive payments is the amount determined under section 256R.38.

11.12 Subd. 14. **Special diets.** ~~(+)~~ The portion related to special dietary needs is the amount  
11.13 determined under section 256R.51.

11.14 Subd. 15. **Border city facilities.** ~~(+)~~ The portion related to the rate adjustments for border  
11.15 city facilities is the amount determined under section 256R.481.

11.16 Subd. 16. **Critical access facilities.** ~~(+)~~ The portion related to the rate adjustment for  
11.17 critical access nursing facilities is the amount determined under section 256R.47.

11.18 Subd. 17. **Nursing home wage standards.** The portion related to the rate adjustment  
11.19 for nursing home wage standards is the amount determined under section 256R.495. This  
11.20 paragraph expires January 1, 2029.

11.21 **EFFECTIVE DATE.** The amendments to subdivisions 1 and 17 are effective January  
11.22 1, 2026, or upon federal approval, whichever is later, and apply retroactively to the rate  
11.23 year beginning January 1, 2026. The amendments to subdivision 2 are effective January 1,  
11.24 2026, or the first day of the month following federal approval, whichever is later. The  
11.25 amendments to subdivision 10 are effective January 1, 2027, or upon federal approval,  
11.26 whichever is later, and apply retroactively to the rate year beginning January 1, 2027. The  
11.27 commissioner of human services shall notify the revisor of statutes when federal approval  
11.28 is obtained.

27.17 of real estate taxes shall not exceed the amount which the nursing facility would have paid  
27.18 to a city or township and county for fire, police, sanitation services, and road maintenance  
27.19 costs had real estate taxes been levied on that property for those purposes.

27.20 Subd. 8. **Health insurance.** ~~(+)~~ The portion related to employer health insurance costs  
27.21 is the allowable costs divided by the sum of the facility's resident days.

27.22 Subd. 9. **Public employees retirement.** ~~(+)~~ The portion related to the Public Employees  
27.23 Retirement Association is the allowable costs divided by the sum of the facility's resident  
27.24 days.

27.25 Subd. 10. **Quality improvement incentives.** ~~(+)~~ The portion related to quality  
27.26 improvement incentive payment rate adjustments is the amount determined under section  
27.27 256R.39.

27.28 Subd. 11. **Performance-based incentives.** ~~(+)~~ The portion related to performance-based  
27.29 incentive payments is the amount determined under section 256R.38.

27.30 Subd. 12. **Special diets.** ~~(+)~~ The portion related to special dietary needs is the amount  
27.31 determined under section 256R.51.

28.1 ~~(+)~~ The portion related to the rate adjustments for border city facilities is the amount  
28.2 determined under section 256R.481.

28.3 Subd. 13. **Critical access facilities.** ~~(+)~~ The portion related to the rate adjustment for  
28.4 critical access nursing facilities is the amount determined under section 256R.47.

28.5 Subd. 14. **Workforce standards.** The portion related to implementation of the rules  
28.6 implemented by the Nursing Home Workforce Standards Board is the amount determined  
28.7 under section 256R.532.

28.8 **EFFECTIVE DATE.** This section is effective January 1, 2026.

28.9 Sec. 24. Minnesota Statutes 2024, section 256R.26, subdivision 9, is amended to read:

28.10 Subd. 9. **Transition period.** (a) A facility's property payment rate is the property rate  
28.11 established for the facility under sections 256B.431 and 256B.434 until the facility's property  
28.12 rate is transitioned upon completion of any project authorized under section 144A.071,  
28.13 subdivision 3 or 4d; or 144A.073, subdivision 3, to the fair rental value property rate  
28.14 calculated under this chapter.

28.15 (b) Effective the first day of the first month of the calendar quarter after the completion  
28.16 of the project described in paragraph (a), the commissioner shall transition a facility to the  
28.17 property payment rate calculated under this chapter. The initial rate year ends on December  
28.18 31 and may be less than a full 12-month period. The commissioner shall schedule an appraisal  
28.19 within 90 days of the commissioner receiving notification from the facility that the project  
28.20 is completed. The commissioner shall apply the property payment rate determined after the  
28.21 appraisal retroactively to the first day of the first month of the calendar quarter after the  
28.22 completion of the project.

28.23 (c) Upon a facility's transition to the fair rental value property rates calculated under this  
28.24 chapter, the facility's total property payment rate under subdivision 8 shall be the only  
28.25 payment for costs related to capital assets, including depreciation, interest and lease expenses  
28.26 for all depreciable assets, including movable equipment, land improvements, and land.  
28.27 Facilities with property payment rates established under subdivisions 1 to 8 are not eligible  
28.28 for planned closure rate adjustments under Minnesota Statutes 2024, section 256R.40;  
28.29 consolidation rate adjustments under section 144A.071, subdivisions 4c, paragraph (a),  
28.30 clauses ~~(5)~~ (1) and ~~(6)~~ (2), and 4d; single-bed room incentives under Minnesota Statutes  
28.31 2024, section 256R.41; and the property rate inflation adjustment under Minnesota Statutes  
28.32 2024, section 256B.434, subdivision 4. The commissioner shall remove any of these  
29.1 incentives from the facility's existing rate upon the facility transitioning to the fair rental  
29.2 value property rates calculated under this chapter.

29.3 **EFFECTIVE DATE.** This section is effective January 1, 2026.

29.4 Sec. 25. Minnesota Statutes 2024, section 256R.27, subdivision 2, is amended to read:

29.5 Subd. 2. **Determination of interim payment rates.** (a) The nursing facility shall submit  
29.6 an interim cost report in a format similar to the Minnesota Statistical and Cost Report and  
29.7 other supporting information as required by this chapter for the reporting year in which the  
29.8 nursing facility plans to begin operation at least 60 days before the first day a resident is  
29.9 admitted to the newly constructed nursing facility bed. The interim cost report must include  
29.10 the nursing facility's anticipated interim costs and anticipated interim resident days for each  
29.11 resident class in the interim cost report. The anticipated interim resident days for each  
29.12 resident class is multiplied by the weight for that resident class to determine the anticipated  
29.13 interim standardized days as defined in section 256R.02, subdivision 50, and resident days  
29.14 as defined in section 256R.02, subdivision 45, for the reporting period.



- 29.15 (b) The interim payment rates are determined according to sections 256R.21 to 256R.25,  
29.16 except that:
- 29.17 (1) the anticipated interim costs and anticipated interim resident days reported on the  
29.18 interim cost report and the anticipated interim standardized days as defined by section  
29.19 256R.02, subdivision 50, must be used for the interim;
- 29.20 (2) the commissioner shall use anticipated interim costs and anticipated interim  
29.21 standardized days in determining the allowable historical direct care cost per standardized  
29.22 day as determined under section 256R.23, subdivision 2;
- 29.23 (3) the commissioner shall use anticipated interim costs and anticipated interim resident  
29.24 days in determining the allowable historical other care-related cost per resident day as  
29.25 determined under section 256R.23, subdivision 3;
- 29.26 (4) the commissioner shall use anticipated interim costs and anticipated interim resident  
29.27 days to determine the allowable historical external fixed costs per day under section 256R.25,  
29.28 paragraphs (b) to (k) subdivisions 2 to 9;
- 29.29 (5) the total care-related payment rate limits established in section 256R.23, subdivision  
29.30 5, and in effect at the beginning of the interim period must be increased by ten percent; and
- 29.31 (6) the other operating payment rate as determined under section 256R.24 in effect for  
29.32 the rate year must be used for the other operating cost per day.
- 30.1 Sec. 26. Minnesota Statutes 2024, section 256R.27, subdivision 3, is amended to read:
- 30.2 Subd. 3. **Determination of settle-up payment rates.** (a) When the interim payment  
30.3 rates begin between May 1 and September 30, the nursing facility shall file settle-up cost  
30.4 reports for the period from the beginning of the interim payment rates through September  
30.5 30 of the following year.
- 30.6 (b) When the interim payment rates begin between October 1 and April 30, the nursing  
30.7 facility shall file settle-up cost reports for the period from the beginning of the interim  
30.8 payment rates to the first September 30 following the beginning of the interim payment  
30.9 rates.
- 30.10 (c) The settle-up payment rates are determined according to sections 256R.21 to 256R.25,  
30.11 except that:
- 30.12 (1) the allowable costs and resident days reported on the settle-up cost report and the  
30.13 standardized days as defined by section 256R.02, subdivision 50, must be used for the  
30.14 interim and settle-up period;
- 30.15 (2) the commissioner shall use the allowable costs and standardized days in clause (1)  
30.16 to determine the allowable historical direct care cost per standardized day as determined  
30.17 under section 256R.23, subdivision 2;

30.18 (3) the commissioner shall use the allowable costs and the allowable resident days to  
30.19 determine both the allowable historical other care-related cost per resident day as determined  
30.20 under section 256R.23, subdivision 3;

30.21 (4) the commissioner shall use the allowable costs and the allowable resident days to  
30.22 determine the allowable historical external fixed costs per day under section 256R.25,  
30.23 paragraphs (b) to (k) subdivisions 2 to 9;

30.24 (5) the total care-related payment limits established in section 256R.23, subdivision 5,  
30.25 are the limits for the settle-up reporting periods. If the interim period includes more than  
30.26 one July 1 date, the commissioner shall use the total care-related payment rate limit  
30.27 established in section 256R.23, subdivision 5, increased by ten percent for the second July  
30.28 1 date; and

30.29 (6) the other operating payment rate as determined under section 256R.24 in effect for  
30.30 the rate year must be used for the other operating cost per day.

31.1 Sec. 27. **[256R.405] CONSOLIDATION RATES.**

31.2 Subdivision 1. **Consolidation rates; generally.** The external fixed costs payment rate  
31.3 for nursing facilities that have completed a state-approved consolidation project must include  
31.4 a consolidation rate adjustment. A facility's consolidation rate adjustment expires upon  
31.5 transition to a fair rental value property payment rate under section 256R.26, subdivision  
31.6 9. The commissioner must inform the revisor of statutes when a facility's consolidation rate  
31.7 adjustment specified under this section expires. This subdivision expires upon the expiration  
31.8 of all other subdivisions of this section.

31.9 Subd. 2. **Owatonna.** The consolidation rate for the nursing facility located at 2255 30th  
31.10 Street Northwest in Owatonna is \$33.88.

31.11 Subd. 3. **Red Wing.** The consolidation rate for the nursing facility located at 213 Pioneer  
31.12 Road in Red Wing is \$73.69.

31.13 Subd. 4. **White Bear Lake.** The consolidation rate for the nursing facility located at  
31.14 1891 Florence Street in White Bear Lake is \$25.56.

31.15 Subd. 5. **St. Paul.** The consolidation rate for the nursing facility located at 200 Earl  
31.16 Street in St. Paul is \$68.01.

31.17 Subd. 6. **Cambridge.** The consolidation rate for the nursing facility located at 135 Fern  
31.18 Street North in Cambridge is \$24.30.

31.19 Subd. 7. **Maple Plain.** The consolidation rate for the nursing facility located at 4848  
31.20 Gateway Boulevard in Maple Plain is \$38.76.

31.21 Subd. 8. **Maplewood.** The consolidation rate for the nursing facility located at 1438  
31.22 County Road C East in Maplewood is \$55.63.

11.29 Sec. 15. [256R.495] RATE ADJUSTMENT FOR NURSING HOME WAGE  
11.30 STANDARDS.

11.31 Subdivision 1. Nursing facility rate adjustment. Effective for the rate years beginning  
11.32 January 1, 2026, and January 1, 2027, nursing facility rates under this chapter must include  
12.1 a rate adjustment to pay for the nursing home wage standards promulgated by the Nursing  
12.2 Home Workforce Standards Board and adopted as proposed on October 28, 2024. Each  
12.3 nursing facility reimbursed under this chapter must report to the commissioner the wage  
12.4 rate for every employee and contracted employee below the minimum wage standards  
12.5 established by the board under section 181.212.

12.6 Subd. 2. Application for January 1, 2026, and January 1, 2027, rate adjustments. (a)  
12.7 To receive a rate adjustment, a nursing facility must submit an application for each rate year  
12.8 in which the rate adjustment under this section is in effect to the commissioner in a form  
12.9 and manner determined by the commissioner. The application must include data for a period  
12.10 beginning with the first pay period after July 1 of the year prior to the rate year in which  
12.11 the rate adjustment takes effect, including at least three months of employee compensated  
12.12 hours by wage rate and a spending plan that describes how the funds from the rate adjustment  
12.13 will be allocated for compensation to employees as defined by Minnesota Rules, part  
12.14 5200.2060, that are paid less than the general wage standards defined in Minnesota Rules,  
12.15 part 5200.2080, and the wage standards for certain positions defined by Minnesota Rules,  
12.16 part 5200.2090. The application must be submitted by October 1 of the year prior to the  
12.17 rate year in which the rate adjustment takes effect. The commissioner may request any  
12.18 additional information needed to determine the rate adjustment within 20 calendar days of  
12.19 receiving a completed application. The nursing facility must provide any additional  
12.20 information requested by the commissioner within 20 calendar days of receiving a request  
12.21 from the commissioner for additional information. The commissioner may waive the  
12.22 deadlines in this subdivision under extraordinary circumstances.

31.23 Subd. 9. Apple Valley. The consolidation rate for the nursing facility located at 14650  
31.24 Garrett Avenue in Apple Valley is \$26.99.

31.25 Sec. 28. Minnesota Statutes 2024, section 256R.43, is amended to read:

31.26 **256R.43 BED HOLDS.**

31.27 The commissioner shall limit payment for leave days in a nursing facility to 30 percent  
31.28 of that nursing facility's total payment rate for the involved resident, and shall allow this  
31.29 payment only when the occupancy of the nursing facility, inclusive of bed hold days, is  
31.30 equal to or greater than 96 percent, notwithstanding Minnesota Rules, part 9505.0415. For  
31.31 the purpose of establishing leave day payments, the commissioner shall determine occupancy  
32.1 based on the number of licensed and certified beds in the facility that are not in layaway  
32.2 status.

32.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.

12.23 (b) For a nursing facility in which employees are represented by an exclusive bargaining  
12.24 representative, the commissioner shall approve an application submitted under this  
12.25 subdivision only upon receipt of a letter of acceptance of the spending plan in regard to  
12.26 members of the bargaining unit, signed by the exclusive bargaining agent and dated after  
12.27 July 1 of the year prior to the rate year in which the rate adjustment takes effect. Upon  
12.28 receipt of the letter of acceptance, the commissioner shall deem all requirements of this  
12.29 paragraph met in regard to the members of the bargaining unit.

12.30 Subd. 3. **January 1, 2026, rate adjustment calculation.** Based on the application in  
12.31 subdivision 2, the commissioner shall calculate the annualized compensation costs by adding  
12.32 the totals of clauses (1) to (5). The result must be divided by the resident days from the most  
12.33 recently available cost report to determine a per diem amount, which must be included in  
12.34 the external fixed costs payment rate under section 256R.25:

13.1 (1) for all nursing home workers, the sum of the difference between \$19 and any hourly  
13.2 wage rate of less than \$19 multiplied by the number of compensated hours at that wage  
13.3 rate;

13.4 (2) for certified nursing assistants, the sum of the difference between \$22.50 and any  
13.5 hourly wage rate of less than \$22.50 multiplied by the number of compensated hours at that  
13.6 wage rate;

13.7 (3) for trained medication aides, the sum of the difference between \$23.50 and any hourly  
13.8 wage rate of less than \$23.50 multiplied by the number of compensated hours at that wage  
13.9 rate;

13.10 (4) for licensed practical nurses, the sum of the difference between \$27 and any hourly  
13.11 wage rate of less than \$27 multiplied by the number of compensated hours at that wage  
13.12 rate; and

13.13 (5) the sum of the employer's share of FICA taxes, Medicare taxes, state and federal  
13.14 unemployment taxes, workers' compensation, pensions, and contributions to employee  
13.15 retirement accounts attributable to the amounts in clauses (1) to (4).

13.16 Subd. 4. **January 1, 2027, rate adjustment calculation.** Based on the application in  
13.17 subdivision 2, the commissioner shall calculate the annualized compensation costs by adding  
13.18 the totals of clauses (1) to (5). The result must be divided by the resident days from the most  
13.19 recently available cost report to determine a per diem amount, which must be included in  
13.20 the external fixed costs payment rate under section 256R.25:

13.21 (1) for all nursing home workers, the sum of the difference between \$20.50 and any  
13.22 hourly wage rate of less than \$20.50 multiplied by the number of compensated hours at that  
13.23 wage rate;

13.24 (2) for certified nursing assistants, the sum of the difference between \$24 and any hourly  
13.25 wage rate of less than \$24 multiplied by the number of compensated hours at that wage  
13.26 rate;

13.27 (3) for trained medication aides, the sum of the difference between \$25 and any hourly  
13.28 wage rate of less than \$25 multiplied by the number of compensated hours at that wage  
13.29 rate;

13.30 (4) for licensed practical nurses, the sum of the difference between \$28.50 and any hourly  
13.31 wage rate of less than \$28.50 multiplied by the number of compensated hours at that wage  
13.32 rate; and

14.1 (5) the sum of the employer's share of FICA taxes, Medicare taxes, state and federal  
14.2 unemployment taxes, workers' compensation, pensions, and contributions to employee  
14.3 retirement accounts attributable to the amounts in clauses (1) to (4).

14.4 Subd. 5. **Rate adjustment timeline.** (a) For the rate year beginning January 1, 2026,  
14.5 nursing facilities that receive approval of the application in subdivision 2 must receive a  
14.6 rate adjustment according to subdivision 3. The rate adjustment must continue to be included  
14.7 in the external fixed costs payment rate under section 256R.25 until January 1, 2028.

14.8 (b) For the rate year beginning January 1, 2027, nursing facilities that receive approval  
14.9 of the application in subdivision 2 must receive a rate adjustment according to subdivision  
14.10 4. The rate adjustment must continue to be included in the external fixed costs payment rate  
14.11 under section 256R.25 until January 1, 2029.

14.12 Subd. 6. **Expiration.** This section expires January 1, 2029.

14.13 **EFFECTIVE DATE.** This section is effective July 1, 2025, or upon federal approval,  
14.14 whichever is later. The commissioner of human services shall notify the revisor of statutes  
14.15 when federal approval is obtained.

14.16 Sec. 16. **[256R.531] PATIENT DRIVEN PAYMENT MODEL PHASE-IN.**

14.17 Subdivision 1. **Model phase-in.** From October 1, 2025, to December 31, 2028, the  
14.18 commissioner shall determine an adjustment to the total payment rate for each facility as  
14.19 determined under sections 256R.21 and 256R.27 to phase in the direct care payment rate  
14.20 from the RUG-IV case mix classification system to the patient driven payment model  
14.21 (PDPM) case mix classification system.

14.22 Subd. 2. **RUG-IV standardized days and facility case mix index.** (a) The commissioner  
14.23 must determine the RUG-IV standardized days and facility average case mix using the sum

32.4 Sec. 29. **[256R.531] PATIENT DRIVEN PAYMENT MODEL PHASE-IN.**

32.5 Subdivision 1. **PDPM phase-in.** Effective October 1, 2025, through December 31, 2028,  
32.6 for each facility, the commissioner must determine an adjustment to its total payment rate  
32.7 as determined under sections 256R.21 and 256R.27 to phase in the transition from the  
32.8 RUG-IV case mix classification system to the patient driven payment model (PDPM) case  
32.9 mix classification system.

32.10 Subd. 1a. **Definition.** "Medical assistance facility average case mix index" means the  
32.11 facility average case mix index for the subset of a facility's residents that includes only  
32.12 medical assistance recipients.

32.19 Subd. 3. **RUG-IV standardized days and RUG-IV facility case mix index.** (a) Effective  
32.20 October 1, 2025, through December 31, 2027, for each facility, the commissioner must

14.24 of the resident days by case mix classification for all payers on the Minnesota Statistical  
14.25 and Cost Report.

14.26 (b) For the rate year beginning January 1, 2028, to December 31, 2028:

14.27 (1) the commissioner must determine the RUG-IV facility average case mix using the  
14.28 sum of the resident days by the case mix classification for all payers on the September 30,  
14.29 2025, Minnesota Statistical and Cost Report; and

14.30 (2) the commissioner must determine the RUG-IV standardized days by multiplying the  
14.31 resident days on the September 30, 2026, Minnesota Statistical and Cost Report by the  
14.32 RUG-IV facility case mix index determined under clause (1).

15.1 Subd. 3. **RUG-IV medical assistance case mix adjusted direct care payment rate.** The  
15.2 commissioner must determine a facility's RUG-IV medical assistance case mix adjusted  
15.3 direct care payment rate as the product of:

15.4 (1) the facility's RUG-IV direct care and payment rate determined in section 256R.23,  
15.5 subdivision 7, using the RUG-IV standardized days determined in subdivision 2; and

15.6 (2) the corresponding medical assistance facility average case mix index for medical  
15.7 assistance days determined in subdivision 2.

15.8 Subd. 4. **PDPM medical assistance case mix adjusted direct care payment rate.** The  
15.9 commissioner must determine a facility's PDPM medical assistance case mix adjusted direct  
15.10 care payment rate as the product of:

15.11 (1) the facility's direct care payment rate determined in section 256R.23, subdivision 7;  
15.12 and

15.13 (2) the corresponding medical assistance facility average case mix index for medical  
15.14 assistance days as defined in section 256R.02, subdivision 20.

15.15 Subd. 5. **Blended medical assistance case mix adjusted direct care payment rate.** The  
15.16 commissioner must determine a facility's blended medical assistance case mix adjusted  
15.17 direct care payment rate as the sum of:

15.18 (1) the RUG-IV medical assistance case mix adjusted direct care payment rate determined  
15.19 in subdivision 3 multiplied by the following percentages:

15.20 (i) from October 1, 2025, to December 31, 2026, 75 percent;

15.21 (ii) from January 1, 2027, to December 31, 2027, 50 percent; and

15.22 (iii) from January 1, 2028, to December 31, 2028, 25 percent; and

32.21 determine the RUG-IV standardized days and RUG-IV medical assistance facility average  
32.22 case mix index.

32.23 (b) For the rate year beginning January 1, 2028, only:

32.24 (1) for each facility, the commissioner must determine both the RUG-IV facility average  
32.25 case mix index and the RUG-IV medical assistance facility average case mix index using  
32.26 resident days by the case mix classification on the facility's September 30, 2025, Minnesota  
32.27 Statistical and Cost Report; and

32.28 (2) for each facility, the commissioner must determine the RUG-IV standardized days  
32.29 by multiplying the facility's resident days on the facility's September 30, 2026, Minnesota  
32.30 Statistical and Cost Report by the facility's RUG-IV facility average case mix index  
32.31 determined under clause (1).

33.1 Subd. 4. **RUG-IV medical assistance case mix adjusted direct care payment rate.** The  
33.2 commissioner must determine a facility's RUG-IV medical assistance case mix adjusted  
33.3 direct care payment rate as the product of:

33.4 (1) the facility's RUG-IV direct care payment rate determined in section 256R.23,  
33.5 subdivision 7, using the RUG-IV standardized days determined in subdivision 3; and

33.6 (2) the corresponding RUG-IV medical assistance facility average case mix index  
33.7 determined in subdivision 3.

33.8 Subd. 5. **PDPM medical assistance case mix adjusted direct care payment rate.** The  
33.9 commissioner must determine a facility's PDPM case mix adjusted direct care payment rate  
33.10 as the product of:

33.11 (1) the facility's direct care payment rate determined in section 256R.23, subdivision 7;  
33.12 and

33.13 (2) the corresponding medical assistance facility average case mix index.

33.14 Subd. 6. **Blended medical assistance case mix adjusted direct care payment rate.** The  
33.15 commissioner must determine a facility's blended medical assistance case mix adjusted  
33.16 direct care payment rate as the sum of:

33.17 (1) the RUG-IV medical assistance case mix adjusted direct care payment rate determined  
33.18 in subdivision 4 multiplied by the following percentages:

33.19 (i) after September 30, 2025, through December 31, 2026, 75 percent;

33.20 (ii) after December 31, 2026, through December 31, 2027, 50 percent; and

33.21 (iii) after December 31, 2027, through December 31, 2028, 25 percent; and

- 15.23 (2) the PDPM medical assistance case mix adjusted direct care payment rate determined  
15.24 in subdivision 4 multiplied by the following percentages:
- 15.25 (i) October 1, 2025, to December 31, 2026, 25 percent;
- 15.26 (ii) January 1, 2027, to December 31, 2027, 50 percent; and
- 15.27 (iii) January 1, 2028, to December 31, 2028, 75 percent.
- 15.28 Subd. 6. **PDPM phase-in rate adjustment.** The commissioner shall determine a facility's  
15.29 PDPM phase-in rate adjustment as the difference between:
- 15.30 (1) the blended medical assistance case mix adjusted direct care payment rate determined  
15.31 in subdivision 5; and
- 16.1 (2) the PDPM medical assistance case mix adjusted direct care payment rate determined  
16.2 in section 256R.23, subdivision 7.
- 16.3 **EFFECTIVE DATE.** This section is effective October 1, 2025.

- 33.22 (2) the PDPM medical assistance case mix adjusted direct care payment rate determined  
33.23 in subdivision 5 multiplied by the following percentages:
- 33.24 (i) after September 30, 2025, through December 31, 2026, 25 percent;
- 33.25 (ii) after December 31, 2026, through December 31, 2027, 50 percent; and
- 33.26 (iii) after December 31, 2027, through December 31, 2028, 75 percent.
- 32.13 Subd. 2. **PDPM phase-in rate adjustment.** A facility's PDPM phase-in rate adjustment  
32.14 to its total payment rate is equal to:
- 32.15 (1) the blended medical assistance case mix adjusted direct care payment rate determined  
32.16 in subdivision 6; minus
- 32.17 (2) the PDPM medical assistance case mix adjusted direct care payment rate determined  
32.18 in section 256R.23, subdivision 7.
- 33.27 Subd. 7. **Expiration.** This section expires January 1, 2029.
- 33.28 **EFFECTIVE DATE.** This section is effective October 1, 2025.
- 34.1 Sec. 30. **[256R.532] NURSING FACILITY RATE ADD-ON FOR WORKFORCE**  
34.2 **STANDARDS.**
- 34.3 (a) Effective for rate years beginning on and after January 1, 2028, or upon federal  
34.4 approval, whichever is later, the commissioner shall annually provide a rate add-on amount  
34.5 for nursing facilities reimbursed under this chapter for the initial standards for wages for  
34.6 nursing home workers adopted by the Nursing Home Workforce Standards Board in  
34.7 Minnesota Rules, parts 5200.2060 to 5200.2090, pursuant to section 181.213, subdivision  
34.8 2, paragraph (c). The add-on amount is equal to:
- 34.9 (1) \$3.93 per resident day, effective January 1, 2028, through December 31, 2028; and
- 34.10 (2) \$8.55 per resident day, effective January 1, 2029.
- 34.11 (b) Effective upon federal approval, the commissioner must determine the add-on amount  
34.12 for subsequent rate years in consultation with the commissioner of labor and industry.
- 34.13 **EFFECTIVE DATE.** This section is effective the day following final enactment.
- 34.14 Sec. 31. Minnesota Statutes 2024, section 256S.205, subdivision 2, is amended to read:
- 34.15 Subd. 2. **Rate adjustment application.** (a) Effective through September 30, 2023, a  
34.16 facility may apply to the commissioner for an initial designation as a disproportionate share  
34.17 facility. Applications must be submitted annually between September 1 and September 30.  
34.18 The applying facility must apply in a manner determined by the commissioner. The applying  
34.19 facility must document each of the following on the application:
- 34.20 (1) the number of customized living residents in the facility on September 1 of the  
34.21 application year, broken out by specific waiver program; and



34.22 (2) the total number of people residing in the facility on September 1 of the application  
34.23 year.

34.24 (b) Effective October 1, 2023, the commissioner must not process any new initial  
34.25 applications for disproportionate share facilities after the September 1 through September  
34.26 30, 2023, application period.

34.27 (c) A facility that receives received rate floor payments in rate year 2024 may submit  
34.28 an annual application under this subdivision to maintain its designation as a disproportionate  
34.29 share facility for rate year 2025.

35.1 Sec. 32. Minnesota Statutes 2024, section 256S.205, subdivision 3, is amended to read:

35.2 Subd. 3. **Rate adjustment eligibility criteria.** (a) Effective through September 30, 2023,  
35.3 Only facilities satisfying all of the following conditions on September 1 of the application  
35.4 year are eligible for designation as a disproportionate share facility:

35.5 (1) at least 83.5 percent of the residents of the facility are customized living residents;  
35.6 and

35.7 (2) at least 70 percent of the customized living residents are elderly waiver participants.

35.8 (b) A facility determined eligible for the disproportionate share rate adjustment in  
35.9 application year 2023 and receiving payments in rate year 2024 is eligible to receive payments  
35.10 in rate year 2025 years beginning on or after January 1, 2025, only if the commissioner  
35.11 determines that the facility continues to meet the eligibility requirements under this  
35.12 subdivision as determined by the application process under subdivision 2, paragraph (c).

35.13 Sec. 33. Minnesota Statutes 2024, section 256S.205, subdivision 5, is amended to read:

35.14 Subd. 5. **Rate adjustment; rate floor.** (a) Effective through December 31, 2025,  
35.15 Notwithstanding the 24-hour customized living monthly service rate limits under section  
35.16 256S.202, subdivision 2, and the component service rates established under section 256S.201,  
35.17 subdivision 4, the commissioner must establish a rate floor equal to \$141 per resident per  
35.18 day for 24-hour customized living services provided to an elderly waiver participant in a  
35.19 designated disproportionate share facility.

35.20 (b) The commissioner must apply the rate floor to the services described in paragraph  
35.21 (a) provided during the rate year.

35.22 Sec. 34. Laws 2021, chapter 30, article 12, section 5, as amended by Laws 2021, First  
35.23 Special Session chapter 7, article 17, section 2, and Laws 2023, chapter 61, article 2, section  
35.24 35, is amended to read:

35.25 Sec. 5. **GOVERNOR'S COUNCIL ON AN AGE-FRIENDLY MINNESOTA.**

35.26 The Governor's Council on an Age-Friendly Minnesota, established in Executive Order  
35.27 19-38, shall: (1) work to advance age-friendly policies; and (2) coordinate state, local, and  
35.28 private partners' collaborative work on emergency preparedness, with a focus on older

35.29 adults, communities, and persons in zip codes most impacted by the COVID-19 pandemic.  
35.30 The Governor's Council on an Age-Friendly Minnesota is extended and expires June 30,  
35.31 ~~2027~~ 2025.

36.1 Sec. 35. **AGE-FRIENDLY MINNESOTA COUNCIL; CONTINUATION OF**  
36.2 **APPOINTMENTS AND DESIGNATION OF INITIAL TERMS.**

36.3 Subdivision 1. **Continuation of appointments.** Each member of the Governor's Council  
36.4 on an Age-Friendly Minnesota, established in Executive Order 19-38, serving on June 30,  
36.5 2025, shall be deemed appointed to the Age-Friendly Minnesota Council by the applicable  
36.6 appointing authority under Minnesota Statutes, section 256.9746, effective July 1, 2025.

36.7 Subd. 2. **First meeting.** The individual who was serving as chairperson of the Governor's  
36.8 Council on an Age-Friendly Minnesota, established in Executive Order 19-38, as of June  
36.9 30, 2025, must convene the first meeting of the Age-Friendly Minnesota Council no later  
36.10 than July 9, 2025. The former chairperson of the Governor's Council on an Age-Friendly  
36.11 Minnesota shall preside over the first meeting until the Age-Friendly Minnesota Council  
36.12 elects a chairperson.

36.13 Subd. 3. **Designation of initial terms.** The governor must notify the secretary of state  
36.14 which initial public members of the Age-Friendly Minnesota Council will have terms  
36.15 coterminous with that of the governor or request that the secretary of state randomly  
36.16 determine which initial public members will have terms coterminous with the governor's  
36.17 term.

36.18 Sec. 36. **DIRECTION TO THE COMMISSIONER; IMPACT STUDY OF REPEAL**  
36.19 **OF DISPROPORTIONATE SHARE PAYMENTS.**

36.20 (a) The commissioner of human services must conduct a study of the impact of the repeal  
36.21 of Minnesota Statutes, section 256S.205, on those facilities that received a rate floor payment  
36.22 in rate year 2025. For each facility that received a rate floor payment in rate year 2025, the  
36.23 commissioner must determine:

36.24 (1) how many facilities remain operational on September 1, 2026;

36.25 (2) the total number of residents of the facility on September 1, 2026;

36.26 (3) the proportion of residents of the facility who are customized living residents on  
36.27 September 1, 2026;

36.28 (4) the proportion of residents who are elderly waiver participants on September 1, 2026;  
36.29 and

36.30 (5) the difference by facility between the results under clauses (1) to (4) and the same  
36.31 or similar information submitted by the facility on its rate year 2025 application.

37.1 (b) The commissioner must solicit from each provider a summary of its financial position  
37.2 as of September 1, 2026, as compared to its financial position on September 1, 2025, and

- 37.3 a statement of the facility's change in operational margin between September 1, 2025, and  
37.4 September 1, 2026. The controlling individual of a facility that submits a financial summary  
37.5 and statement of the facility's change in operational margin must attest to the accuracy of  
37.6 the financial summary and statement.
- 37.7 (c) By January 1, 2027, the commissioner must submit to the chairs and ranking minority  
37.8 members of the legislative committees with jurisdiction over human services a report  
37.9 summarizing the data on the impact of the repeal of Minnesota Statutes, section 256S.205,  
37.10 on those facilities that received a rate floor payment in rate year 2025.
- 37.11 (d) The definitions in Minnesota Statutes 2024, section 256S.205, apply to this section.
- 37.12 Sec. 37. **REPEALER.**
- 37.13 (a) Minnesota Statutes 2024, sections 144A.071, subdivision 4c; 256R.02, subdivision  
37.14 38; 256R.40; 256R.41; and 256R.481, are repealed.
- 37.15 (b) Minnesota Statutes 2024, sections 256R.12, subdivision 10; and 256R.36, are repealed.
- 37.16 (c) Minnesota Statutes 2024, section 256R.23, subdivision 6, is repealed.
- 37.17 (d) Minnesota Statutes 2024, section 256S.205, subdivision 7, is repealed.
- 37.18 **EFFECTIVE DATE.** Paragraph (a) is effective January 1, 2026. Paragraphs (b) and  
37.19 (d) are effective the day following final enactment. Paragraph (c) is effective October 1,  
37.20 2025.