256R.495 RATE ADJUSTMENT FOR NURSING HOME EMPLOYMENT STANDARDS.

Subdivision 1. **Nursing home employment standards rate adjustment.** For each rate year for which section 181.213, subdivision 2b, is in effect, and for which the legislature appropriates money to fund a rate increase necessary to meet new employment standards established under section 181.213, a nursing facility's rate under this chapter must include a rate adjustment to pay for the nursing home employment standards promulgated by the Nursing Home Workforce Standards Board if the facility complies with the requirements in subdivision 2. To receive a rate adjustment under this section, a nursing facility must report to the commissioner the wage rate for every worker and contracted worker below a new minimum employment standard established by the board under section 181.213.

Subd. 2. **Application for rate adjustments.** To receive a rate adjustment under this section, a nursing facility must submit to the commissioner in a form and manner determined by the commissioner an application for each rate year in which a rate adjustment is available. The application must include data for a period beginning with the first pay period after June 1 of the year prior to the rate year in which the rate adjustment takes effect, including at least two months of worker-compensated hours by wage rate and a spending plan that describes how the money from the rate adjustment will be allocated for compensation to workers as defined by Minnesota Rules, part 5200.2060, who are paid less than the general wage standards defined in Minnesota Rules, part 5200.2080, and the wage standards for certain positions defined by Minnesota Rules, part 5200.2090. A nursing facility must submit the application by October 1 of the year prior to the rate year in which the rate adjustment takes effect. The commissioner may request any additional information needed to determine the rate adjustment. The nursing facility must provide any additional information requested by the commissioner within 20 calendar days of receiving a request from the commissioner for additional information. The commissioner may waive the deadlines in this subdivision under extraordinary circumstances.

Subd. 3. **Rate adjustment timeline.** Based on an approved application submitted under subdivision 2, the commissioner must calculate the amount of the rate adjustment based on the facility's approved application under subdivision 2 and include that amount in the facility's external fixed cost payment rate under section 256R.25. For each rate year for which a nursing facility receives approval of the application under subdivision 2, the facility must receive a final rate adjustment according to the applicable subdivision of this section. The final rate adjustment must be included in the external fixed costs payment rate under section 256R.25 for two rate years.

Subd. 4. **January 1, 2026, rate adjustment calculation.** (a) For the rate year beginning January 1, 2026, the commissioner must calculate the annualized compensation costs by adding the totals of clauses (1) to (5). The result must be divided by the total resident days from the most recently available cost report to determine the preliminary rate adjustment for the nursing home employment standards:

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

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

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

(4) for all nursing home workers not included in clauses (1) to (3) who are subject to the minimum wage standards established by the board under section 181.213, the sum of the difference between $19 and any hourly wage rate less than $19 multiplied by the number of compensated hours at that wage rate; and

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

(b) If the aggregate net general fund spending under this subdivision does not exceed the increase in funding needed to increase payment rates to comply with the new employment standards as reported to the legislature by the Nursing Home Workforce Standards Board under section 181.213, the preliminary rate adjustment calculated under paragraph (a) is the final rate adjustment for the nursing home employment standards.

(c) If the aggregate net general fund spending under this subdivision exceeds the increase in funding needed to increase payment rates necessary to comply with the new employment standards as reported to the legislature by the Nursing Home Workforce Standards Board under section 181.213, the commissioner must determine the final rate adjustment by reducing all preliminary rate adjustments calculated under paragraph (a) by an equal proportion such that the aggregate net general fund spending under this subdivision is equal to the amount reported to the legislature by the Nursing Home Workforce Standards Board.

Subd. 5. **January 1, 2027, rate adjustment calculation.** (a) For the rate year beginning January 1, 2027, the commissioner must calculate the annualized compensation costs by adding the totals of clauses (1) to (5). The result must be divided by the total resident days from the most recently available cost report to determine the final rate adjustment for the nursing home employment standards:

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

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

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

(4) for all nursing home workers not included in clauses (1) to (3) who are subject to the minimum wage standards established by the board under section 181.213, the sum of the difference between $20.50 and any hourly wage rate of less than $20.50 multiplied by the number of compensated hours at that wage rate; and

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

(b) If the aggregate net general fund spending under this subdivision does not exceed the increase in funding needed to increase payment rates necessary to comply with the new employment standards as reported to the legislature by the Nursing Home Workforce Standards Board under section 181.213, the preliminary rate adjustment calculated under paragraph (a) is the final rate adjustment for the nursing home employment standards.

(c) If the aggregate net general fund spending under this subdivision exceeds the increase in funding needed to increase payment rates necessary to comply with the new employment standards as reported to the legislature by the Nursing Home Workforce Standards Board under section 181.213, the commissioner must determine the final rate adjustment by reducing all preliminary rate adjustments calculated under

paragraph (a) by an equal proportion such that the aggregate net general fund spending under this subdivision is equal to the amount reported to the legislature by the Nursing Home Workforce Standards Board.

History: *1Sp2025 c 9 art 1 s 23*

NOTE: This section, as added by Laws 2025, First Special Session chapter 9, article 1, section 23, is effective upon federal approval. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained. Laws 2025, First Special Session chapter 9, article 1, section 23, the effective date.