Bill Summary Comparison of

Health and Human Services

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| Senate File 1458, 2nd Engrossment | Senate File 1458, 1st Unofficial Engrossment |
| *House-only article* | Article 5: Nursing Facility Payment Reform and Workforce Development |

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| Section |  |  | Article 5: Nursing Facility Payment Reform and Workforce Development |
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|  |  | House only | Home and community-based services employee scholarship program. Creates § 144.1503. Subd. 1. Creation. Establishes the home and community-based services employee scholarship grant program to assist qualified provider applicants to fund employee scholarships for education in nursing and other health care fields. Subd. 2. Provision of grants. Requires the commissioner to make grants available to qualified providers of older adult services. Specifies how grants must be used. Subd. 3. Eligibility. Specifies provider eligibility requirements and limitations on the use of grant funds. Subd. 4. Home and community-based services employee scholarship program. Requires qualifying providers to propose a home and community-based services employee scholarship program. Requires providers to establish criteria by which funds are distributed among employees. Specifies minimum requirements scholarship programs must meet. Subd. 5. Participating providers. Requires the commissioner to publish a request for proposals in the State Register, and lists the information that must be included in the request. Requires the commissioner to publish additional requests for proposals each year in which funding is available for this purpose. Subd. 6. Application requirements. Requires eligible providers seeking a grant to submit an application to the commissioner and lists the information that must be included in the application. Subd. 7. Selection process. Specifies the process the commissioner must follow in making grant selections. Subd. 8. Reporting requirements. Specifies provider reporting requirements. Allows the commissioner to require and collect from grant recipients other information necessary to evaluate the program. |
|  |  | House only | **Exception for replacement beds.** Amends § 144A.071, subd. 4a. Modifies the moratorium on the creation of new nursing home beds and construction projects greater than $1,000,000, by modifying an exception for a facility in Polk County. Allows the project to construct 25 beds in Polk County and distributes 104 beds among up to three other counties. The other counties must have fewer than the median number of age-intensity adjusted beds published by the commissioner. Requires the commissioner to approve the location of the beds if distributed outside of Polk County. Allows the licensee to combine the additional beds with beds relocated from other facilities that were approved under the moratorium exception process. Requires the commissioner to calculate the property-related reimbursement rates for the construction projects using existing rules and statutes governing property reimbursement rates. If the replacement beds are combined with beds from other facilities, the commissioner must calculate the property rate as a weighted average of the rates. |
|  |  | House only | Eligibility for funding for services for nonmedical assistance recipients. Amends § 256B.0913, subd. 4. Modifies monthly limits under the Alternative Care program to be consistent with the elderly waiver monthly limits. |
|  |  | House only | Elderly waiver cost limits. Amends § 256B.0915, subd. 3a. Modifies adjustments to the elderly waiver cost limits and removes obsolete language. Makes this section effective July 1, 2016. |
|  |  | House only | Customized living service rate. Amends § 256B.0915, subd. 3e. Modifies adjustments to elderly waiver customized living service rates and removes obsolete language. Makes this section effective July 1, 2016. |
|  |  | House only | Service rate limits; 24-hour customized living services. Amends § 256B.0915, subd. 3h. Modifies adjustments to elderly waiver 24-hour customized living services rate limits and removes obsolete language. Makes this section effective July 1, 2016. |
|  |  | House only | Operating costs after July 1, 1985. Amends § 256B.431, subd. 2b. Removes language related to special dietary needs (this language is moved to a new subdivision in § 256B.441). |
|  |  | House only | Employee scholarship costs and training in English as a second language. Amends § 256B.431, subd. 36. Allows nursing facilities with no employee scholarship cost per diem to request a scholarship cost per diem between October 1, 2015, and September 30, 2017. Reduces the average number of hours worked per week necessary to qualify, expands eligible professions, and includes additional eligible costs. Specifies that this rate increase is an optional rate add-on that a facility must request from the commissioner and that the rate increase must be used for scholarships. |
|  |  | House only | Alternate rates for nursing facilities. Amends § 256B.434, subd. 4. Removes obsolete language in paragraphs (a), (b), and (e). Extends the suspension of automatic inflationary adjustments for two rate years. Removes language in paragraph (d) related to the performance-based incentive payment program (this language is moved to a new subdivision in § 256B.441). |
|  |  | House only | Construction project rate adjustments for certain nursing facilities. Amends § 256B.434, by adding subd. 4i. Paragraph (a) provides property rate increases to nursing facilities with more than 120 active beds as of January 1, 2015, and with construction projects approved in 2015 under the nursing facility moratorium exception process.In addition to property rate adjustments they would normally receive under section 256B.434, subdivision 4f, facilities with 120 to 149 active beds will receive an additional property rate adjustment of $4. Facilities with between 150 and 160 beds will receive an additional $12.50 property rate adjustment. Paragraph (b) specifies that money available from canceled moratorium exception projects shall be used to reduce the fiscal impact of the increases allowed under paragraph (a). |
|  |  | House only | Calculation of nursing facility operating payment rates. Amends § 256B.441, subd. 1. Specifies how the commissioner of human services must calculate nursing facility operating payment rates beginning January 1, 2016. Removes obsolete language related to the phase-in of rebased operating payment rates and language related to rebasing of property rates. |
|  |  | House only | Administrative costs. Amends § 256B.441, subd. 5. Modifies the definition of “administrative costs” by including property insurance. |
|  |  | House only | Allowed costs. Amends § 256B.441, subd. 6. Modifies the definition of allowed costs by specifying the process by which wage and benefit costs are approved for facilities in which employees are represented by collective bargaining agents. |
|  |  | House only | Employer health insurance costs. Amends § 256B.441, by adding subd. 11a. Defines “employer health insurance costs.” |
|  |  | House only | External fixed costs. Amends § 256B.441, subd. 13. Modifies the definition of “external fixed costs” by removing obsolete language and adding property assessments, payments in lieu of taxes; employer health insurance costs; quality improvement incentive payment rate adjustments; performance-based incentive payments; and special dietary needs. |
|  |  | House only | Facility average case mix index. Amends § 256B.441, subd. 14. Modifies the definition of “facility average case mix index” by removing obsolete language and specifying that resource utilization group (RUG) weights used shall be based on the case mix system prescribed in statute. |
|  |  | House only | Fringe benefit costs. Amends § 256B.441, subd. 17. Modifies the definition of “fringe benefit costs” by removing health insurance and excluding the Public Employees Retirement Association (PERA) and employer health insurance costs. |
|  |  | House only | Median total care-related cost per diem and other operating per diem determined. Amends § 256B.441, subd. 30. Removes language related to peer groups and requires the commissioner to determine the median total care-related cost per diem and other operating cost per diem using the cost reports from nursing facilities in the seven county metro area.Paragraph (b) specifies how the median total care-related per diem is calculated.Paragraph (c) specifies how the median other operating per diem is calculated. |
|  |  | House only | Prior system operating cost payment rate. Amends § 256B.441, subd. 31. Updates the date of the prior cost operating payment rate to be the rate in effect on December 31, 2015, and removes obsolete language. |
|  |  | House only | Rate year. Amends § 256B.441, subd. 33. Modifies the definition of rate year to conform to the change in the timing of the rate year. |
|  |  | House only | Reporting period. Amends § 256B.441, subd. 35. Modifies the definition of “reporting period” to include parameters for interim and settle-up periods. |
|  |  | House only | Standardized days. Amends § 256B.441, subd. 40. Modifies the definition of “standardized days” to specify how resident days at a penalty classification are treated. |
|  |  | House only | Calculation of a quality score. Amends § 256B.441, subd. 44. Removes obsolete language and makes technical and conforming changes to the statute governing the calculation of nursing facility quality scores. |
|  |  | House only | Quality improvement incentive system beginning October 1, 2015. Amends § 256B.441, subd. 46c. Makes conforming changes to the quality improvement incentive system to reflect the new rate year timeline. Specifies that quality improvement incentive rate adjustments must be included in the external fixed payment rate. |
|  |  | House only | Performance-based incentive payments. Amends § 256B.441, by adding subd. 46d. Moves the performance-based incentive payment language from § 256B.434, subdivision 4, paragraph (d) to this new subdivision. |
|  |  | House only | Calculation of care-related per diems. Amends § 256B.441, subd. 48. Removes language listing the items included in the other operating per diem (this language is moved to subd. 30). |
|  |  | House only | Determination of total care-related limit. Amends § 256B.441, subd. 50. Describes the formula used to calculate the limit on a facility’s reimbursement for care-related costs. The commissioner would calculate a facility’s care-related limit using the facility’s quality score and the metro median care related per diem. Facilities with higher quality scores would be subject to higher limits. The table below shows example limits for a number of different facility quality scores.

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| Facility Quality Score | Care-related Limit(percent of metro median care-related per diem) |
| 0 |  89.375% |
| 10 |  90% |
| 25 |  103.4375% |
| 50 |  117.5% |
| 75 |  131.5625% |
| 90 |  140% |
| 100 |  145.625% |

Paragraph (d) specifies that a facility which has costs that exceed its care-related limit shall have its total care-related per diem reduced to its limit. |
|  |  | House only | Determination of other operating price. Amends § 256B.441, subd. 51. Modifies the existing limit on operating costs. Limits a facility’s other operating per diem to 105 percent of the metro median other operating per diem. |
|  |  | House only | Exception for specialized care facilities. Amends § 256B.441, subd. 51a. Removes the commissioner’s authority to negotiate certain increases for nursing facilities that provide specialized care. Beginning January 1, 2016, increases the care-related limit for specialized care facilities by 50 percent. Defines “specialized care facilities.” |
|  |  | House only | Special dietary needs. Amends § 256B.441, by adding subd. 51b. Moves a provision related to special dietary needs from § 256B.431, subd. 2b, paragraph (h), to a new subdivision and removes this amount from allowable raw food per diem costs and includes it in the external fixed per diem rate. |
|  |  | House only | Calculation of payment rate for external fixed costs. Amends § 256B.441, subd. 53. Modifies the calculation of external fixed costs by removing obsolete language and reordering some of the paragraphs, removing property insurance from external fixed costs, and adding calculations for employer health insurance costs, quality improvement incentive payment rate adjustments, performance-based incentive payments, and special dietary needs. |
|  |  | House only | Determination of total payment rates. Amends § 256B.441, subd. 54. Removes obsolete language and makes conforming changes. |
|  |  | House only | Alternative to phase-in for publicly owned nursing facilities. Amends § 256B.441, subd. 55a. Makes conforming changes. |
|  |  | House only | Hold harmless. Amends § 256B.441, subd. 56. Removes obsolete language related to the phase-in of the rebased operating payment rates and updates hold harmless language, effective for the rate year beginning January 1, 2016, to specify that no nursing facility will receive an operating payment rate less than its operating payment rate as of December 31, 2015.Paragraph (b) prohibits facilities from being subject to a care-related payment rate limit reduction greater than 5 percent of the median total care-related per diem for rate years beginning on or after January 1, 2016. |
|  |  | House only | Critical access nursing facilities. Amends § 256B.441, subd. 63. Suspends the critical access nursing facility program from January 1, 2016, to December 31, 2017. |
|  |  | House only | Nursing facility in Golden Valley. Amends § 256B.441, by adding subd. 65. Requires the operating payment rate for a specified facility located in Golden Valley to be calculated without the application of the total care-related limit and the determination of the other operating price, effective for the rate year beginning on January 1, 2016. |
|  |  | House only | Nursing facilities in border cities. Amends § 256B.441, by adding subd. 66. Effective January 1, 2016, increases the operating payment rate for nonprofit nursing facilities in the city of Breckenridge. Nonprofit facilities in Breckenridge will receive an operating payment rate that the commissioner will calculate based upon the operating rates received in nonprofit facilities in adjacent cities located in another state.Exempts facilities from certain nursing facility payment rate limits if the adjustments under this subdivision result in a rate that exceeds those limits. The new operating rate will only apply if a facility receives a rate increase as a result of the new calculation. |
|  |  | House only | Nursing facility; contract with insurance provider. Amends § 256B.441, by adding subd. 67. Allows facilities that don’t provide employee health insurance coverage as of May 1, 2015, to be reimbursed for employer health insurance costs if the facility has a signed contract with a health insurance provider beginning January 1, 2016. |
|  |  | House only | Scope. Amends § 256B.50, subd. 1. Modifies the scope of MA appeals to include allowable costs under the nursing facility payment system. Makes this section effective January 1, 2016, and apply to appeals filed on or after that date. |
|  |  | House only | Monthly rates; exemptions. Amends § 256I.05, subd. 2. Adds a cross-reference to the current nursing facility payment system. |
|  |  | House only | Direction to commissioner; nursing facility payment reform report. By January 1, 2017, requires the commissioner of human services to evaluate and report to the legislature on several items related to nursing facility payment reform including the impact of the quality adjusted care limits and the ability of nursing facilities to attract and retain employees under the new payment system. |
|  |  | House only | Property rate setting. Requires the commissioner to conduct a study, in consultation with stakeholders and experts, of property rate setting, based on a rental value approach for Minnesota nursing facilities and to report to the legislature by March 1, 2016, for a system implementation date of January 1, 2017. Lists actions the commissioner must take, including contracting with at least two firms to conduct appraisals of all nursing facilities in the MA program and using the information from the appraisals to complete the design of a fair rental value system and calculate a replacement value and an effective age for each nursing facility. |
|  |  | House only | Revisor’s instruction. Instructs the Revisor of Statutes, in consultation with the House Research Department, Office of Senate Counsel, Research, and Fiscal Analysis, Department of Human Services, and stakeholders, to prepare legislation for the 2016 legislative session to recodify laws governing nursing home payments and rates. Makes this section effective the day following final enactment. |
|  |  | House only | Repealer. Paragraph repeals Minnesota Statutes, § 256B.434, subd. 19b (nursing facility rate adjustments beginning October 1, 2015); and § 256B.441, subds. 14a (facility group types), 19 (hospital-attached nursing facility status), 50a (determination of proximity adjustments), 52 (determination of efficiency incentive), 55 (phase-in of rebased operating payment rates), 58 (implementation delay), and 62 (repeal of rebased operating payment rates). |