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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. **2159**

03/12/2025

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The bill was read for the first time and referred to the Committee on Human Services Finance and Policy

1.1 A bill for an act

1.2 relating to human services; correcting terminology related to nursing facility

1.3 payment rates; amending Minnesota Statutes 2024, sections 256R.38; 256R.40,

1.4 subdivision 5.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2024, section 256R.38, is amended to read:

1.7 **256R.38 PERFORMANCE-BASED INCENTIVE PAYMENTS.**

1.8 The commissioner shall develop additional incentive-based payments of up to five

1.9 percent above a facility's operating payment rate for achieving outcomes specified in a

1.10 contract. The commissioner may solicit proposals and select those which, on a competitive

1.11 basis, best meet the state's policy objectives. The commissioner shall limit the amount of

1.12 any incentive payment and the number of contract amendments under this section to operate

1.13 the incentive payments within funds appropriated for this purpose. The commissioner shall

1.14 approve proposals through a memorandum of understanding which shall specify various

1.15 levels of payment for various levels of performance. Incentive payments to facilities under

1.16 this section shall be in the form of time-limited rate adjustments which shall be included in

1.17 the external fixed costs payment rate under section 256R.25. In establishing the specified

1.18 outcomes and related criteria, the commissioner shall consider the following state policy

1.19 objectives:

1.20 (1) successful diversion or discharge of residents to the residents' prior home or other

1.21 community-based alternatives;

1.22 (2) adoption of new technology to improve quality or efficiency;

2.1 (3) improved quality as measured in the Minnesota Nursing Home Report Card;

2.2 (4) reduced acute care costs; and

2.3 (5) any additional outcomes proposed by a nursing facility that the commissioner finds  
2.4 desirable.

2.5 Sec. 2. Minnesota Statutes 2024, section 256R.40, subdivision 5, is amended to read:

2.6 Subd. 5. **Planned closure rate adjustment.** (a) The commissioner shall calculate the  
2.7 amount of the planned closure rate adjustment available under subdivision 6 according to  
2.8 clauses (1) to (4):

2.9 (1) the amount available is the net reduction of nursing facility beds multiplied by \$2,080;

2.10 (2) the total number of beds in the nursing facility or facilities receiving the planned  
2.11 closure rate adjustment must be identified;

2.12 (3) capacity days are determined by multiplying the number determined under clause  
2.13 (2) by 365; and

2.14 (4) the planned closure rate adjustment is the amount available in clause (1), divided by  
2.15 capacity days determined under clause (3).

2.16 (b) A planned closure rate adjustment under this section is effective on the first day of  
2.17 the month of January or July, whichever occurs immediately following completion of closure  
2.18 of the facility designated for closure in the application and becomes part of the nursing  
2.19 facility's external fixed costs payment rate.

2.20 (c) Upon the request of a closing facility, the commissioner must allow the facility a  
2.21 closure rate adjustment as provided under section 144A.161, subdivision 10.

2.22 (d) A facility that has received a planned closure rate adjustment may reassign it to  
2.23 another facility that is under the same ownership at any time within three years of its effective  
2.24 date. The amount of the adjustment is computed according to paragraph (a).

2.25 (e) If the per bed dollar amount specified in paragraph (a), clause (1), is increased, the  
2.26 commissioner shall recalculate planned closure rate adjustments for facilities that delicense  
2.27 beds under this section on or after July 1, 2001, to reflect the increase in the per bed dollar  
2.28 amount. The recalculated planned closure rate adjustment is effective from the date the per  
2.29 bed dollar amount is increased.