

1.1 moves to amend H.F. No. 564, the first engrossment, as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "Section 1. **[256B.4915] DISABILITY WAIVER REIMBURSEMENT RATE**
1.4 **ADJUSTMENTS.**

1.5 Subdivision 1. **Historical rate.** The commissioner of human services shall adjust
1.6 the historical rates calculated in section 256B.4913, subdivision 4a, paragraph (b), in
1.7 effect during the banding period under section 256B.4913, subdivision 4a, paragraph (a),
1.8 for each reimbursement rate increase effective on or after July 1, 2016.

1.9 Subd. 2. **Residential support services.** The commissioner shall adjust the
1.10 rates calculated in section 256B.4914, subdivision 6, paragraphs (b) and (c), for each
1.11 reimbursement rate increase effective on or after July 1, 2016.

1.12 Subd. 3. **Day programs.** The commissioner shall adjust the rates calculated in
1.13 section 256B.4914, subdivision 7, for each reimbursement rate increase effective on or
1.14 after July 1, 2016.

1.15 Subd. 4. **Unit-based services with programming.** The commissioner shall adjust
1.16 the rate calculated in section 256B.4914, subdivision 8, for each reimbursement rate
1.17 increase effective on or after July 1, 2016.

1.18 Subd. 5. **Unit-based services without programming.** The commissioner shall
1.19 adjust the rate calculated in section 256B.4914, subdivision 9, for each reimbursement rate
1.20 increase effective on or after July 1, 2016.

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

1.22 Sec. 2. **[256B.4919] HOME AND COMMUNITY-BASED SERVICE PROVIDER**
1.23 **RATE AND GRANT INCREASES.**

1.24 Subdivision 1. **Rate and grant increases.** The commissioner of human services
1.25 shall increase reimbursement rates, grants, allocations, individual limits, and rate limits,

2.1 as applicable, by five percent for the rate period beginning July 1, 2016, for services
2.2 rendered on or after that date. County or tribal contracts for services specified in this
2.3 section must be amended to pass through this rate increase within 60 days of the effective
2.4 date of the increase. The five percent increase shall consist of a workforce compensation
2.5 component of three percent, a quality component of one percent, and a person-centered
2.6 component of one percent.

2.7 Subd. 2. **Eligible services, grants, and programs.** The rate changes described
2.8 in this section apply to:

2.9 (1) home and community-based waived services for persons with developmental
2.10 disabilities, including consumer-directed community supports, under section 256B.092;

2.11 (2) waived services under community alternatives for disabled individuals,
2.12 including consumer-directed community supports, under section 256B.49;

2.13 (3) community alternative care waived services, including consumer-directed
2.14 community supports, under section 256B.49;

2.15 (4) brain injury waived services, including consumer-directed community
2.16 supports, under section 256B.49;

2.17 (5) home and community-based waived services for the elderly under section
2.18 256B.0915;

2.19 (6) nursing services and home health services under section 256B.0625, subdivision
2.20 6a;

2.21 (7) personal care services and qualified professional supervision of personal care
2.22 services under section 256B.0625, subdivisions 6a and 19a;

2.23 (8) home care nursing services under section 256B.0625, subdivision 7;

2.24 (9) community first services and supports under section 256B.85;

2.25 (10) essential community supports under section 256B.0922;

2.26 (11) day training and habilitation services for adults with developmental disabilities
2.27 under sections 252.41 to 252.46, including the additional cost to counties of the rate
2.28 adjustments on day training and habilitation services provided as a social service;

2.29 (12) alternative care services under section 256B.0913;

2.30 (13) living skills training programs for persons with intractable epilepsy who need
2.31 assistance in the transition to independent living under Laws 1988, chapter 689;

2.32 (14) semi-independent living services (SILS) under section 252.275;

2.33 (15) consumer support grants under section 256.476;

2.34 (16) family support grants under section 252.32;

2.35 (17) housing access grants under section 256B.0658;

2.36 (18) self-advocacy grants under Laws 2009, chapter 101;

- 3.1 (19) technology grants under Laws 2009, chapter 79;
 3.2 (20) aging grants under sections 256.975 to 256.977 and 256B.0917;
 3.3 (21) deaf and hard-of-hearing grants, including community support services for deaf
 3.4 and hard-of-hearing adults with mental illness who use or wish to use sign language as
 3.5 their primary means of communication under section 256.01, subdivision 2;
 3.6 (22) deaf and hard-of-hearing grants under sections 256C.233, 256C.25, and
 3.7 256C.261;
 3.8 (23) Disability Linkage Line grants under section 256.01, subdivision 24;
 3.9 (24) home and community-based transition initiative grants under section 256.478;
 3.10 (25) employment support grants under section 256B.021, subdivision 6; and
 3.11 (26) grants provided to people who are eligible for the Housing Opportunities for
 3.12 Persons with AIDS program under section 256B.492.

3.13 Subd. 3. **Managed care and county-based purchasing plans.** A managed
 3.14 care plan or county-based purchasing plan receiving state payments for the services,
 3.15 grants, and programs in subdivision 2 must include the increase in their payments to
 3.16 providers. For the purposes of this section, "providers" are entities that provide care
 3.17 coordination are providers. To implement the rate increase in subdivision 1, capitation
 3.18 rates paid by the commissioner to managed care plans and county-based purchasing plans
 3.19 under section 256B.69 shall reflect a five percent increase for the services, grants, and
 3.20 programs specified in subdivision 2 for the period beginning on the effective date of
 3.21 the rate adjustment under subdivision 1.

3.22 Subd. 4. **Consumer-directed community supports.** Counties shall increase the
 3.23 budget for each recipient of consumer-directed community supports by the amount in
 3.24 subdivision 1 on the effective date of the rate adjustment under subdivision 1.

3.25 Subd. 5. **Workforce compensation component.** Providers that receive a rate
 3.26 increase under subdivision 1 shall use 90 percent of the additional revenue attributed to the
 3.27 workforce compensation component of the rate increase to increase compensation-related
 3.28 costs for employees directly employed by the program on or after the effective date of the
 3.29 rate adjustment under subdivision 1, except:

- 3.30 (1) persons employed in the central office of a corporation or entity that has an
 3.31 ownership interest in the provider or exercises control over the provider; and
 3.32 (2) persons paid by the provider under a management contract.

3.33 Subd. 6. **Compensation-related costs.** Compensation-related costs include:

- 3.34 (1) wages and salaries;
 3.35 (2) the employer's share of FICA taxes, Medicare taxes, state and federal
 3.36 unemployment taxes, workers' compensation, and mileage reimbursement;

4.1 (3) the employer's share of health and dental insurance, life insurance, disability
4.2 insurance, long-term care insurance, uniform allowance, pensions, and contributions to
4.3 employee retirement accounts; and

4.4 (4) other benefits provided and workforce needs, including the recruiting and
4.5 training of employees as specified in the distribution plan required under subdivision 11.

4.6 Subd. 7. **Public employees under collective bargaining agreement.** For public
4.7 employees under a collective bargaining agreement, the increases for wages and benefits
4.8 are available and pay rates must be increased only to the extent that the increases comply
4.9 with laws governing public employees' collective bargaining. Money received by a
4.10 provider for pay increases for public employees under subdivision 5 must be used only for
4.11 pay increases implemented between July 1 and August 1 of the year the rate adjustment is
4.12 implemented under subdivision 1.

4.13 Subd. 8. **Employees represented by exclusive bargaining representative.** For a
4.14 provider that has employees who are represented by an exclusive bargaining representative,
4.15 the provider shall obtain a letter of acceptance of the distribution plan required under
4.16 subdivision 11, relating to the members of the bargaining unit, signed by the exclusive
4.17 bargaining agent. Upon receipt of the letter of acceptance, the provider shall be deemed to
4.18 have met all the requirements of this section relating to the members of the bargaining unit.
4.19 Upon request, the provider shall produce the letter of acceptance to the commissioner.

4.20 Subd. 9. **State grant contracts.** The commissioner shall amend state grant
4.21 contracts that include direct personnel-related grant expenditures to include the allocation
4.22 for the portion of the contract related to employee compensation. Grant contracts for
4.23 compensation-related services must be amended to pass through these adjustments within
4.24 60 days of the effective date of the rate adjustment under subdivision 1 and must be
4.25 retroactive to the effective date of the rate adjustment under subdivision 1.

4.26 Subd. 10. **Board on Aging; area agencies on aging.** The Board on Aging and its
4.27 area agencies on aging shall amend their grants that include direct personnel-related grant
4.28 expenditures to include the rate adjustments for the portion of the grant related to employee
4.29 compensation. Grants for compensation-related services must be amended to apply these
4.30 adjustments within 60 days of the effective date of the rate adjustment under subdivision 1
4.31 and must be retroactive to the effective date of the rate adjustment under subdivision 1.

4.32 Subd. 11. **Distribution plan.** (a) A provider that receives a rate adjustment under
4.33 subdivision 1 that is subject to subdivision 5 shall prepare and, upon request, submit to the
4.34 commissioner a distribution plan that specifies the amount of money the provider expects
4.35 to receive that is subject to the requirements of subdivision 5, including how that money
4.36 will be distributed to increase compensation for employees.

5.1 (b) Within six months of the effective date of the rate adjustment, the provider shall
5.2 post the distribution plan required under paragraph (a) for a period of at least six weeks in
5.3 an area of the provider's operation to which all eligible employees have access and shall
5.4 provide instructions for employees who do not believe they have received the wage and
5.5 other compensation-related increases specified in the distribution plan. The instructions
5.6 must include a mailing address, e-mail address, and telephone number that the employee
5.7 may use to contact the commissioner or the commissioner's representative.

5.8 Subd. 12. **Quality component.** To receive the quality component of the rate
5.9 increase under subdivision 1, a provider must submit to the commissioner documentation
5.10 that identifies a quality improvement project that the provider must implement by June 30
5.11 of the calendar year following the year in which the rate adjustment under subdivision 1 is
5.12 implemented. The project may be a continuation or enhancement of projects developed
5.13 under Laws 2014, chapter 312, article 27, section 75, paragraph (e). Documentation must
5.14 be provided in a format specified by the commissioner. Projects must:

5.15 (1) improve the quality of life of home and community-based services recipients in
5.16 a meaningful way;

5.17 (2) improve the quality of services in a meaningful way; or

5.18 (3) deliver good quality service more efficiently while using the savings to enhance
5.19 the services for recipients served.

5.20 Subd. 13. **Person-centered component.** To receive the person-centered component
5.21 of the rate increase under subdivision 1, a provider must submit to the commissioner
5.22 documentation that identifies a community integration improvement project that the
5.23 provider must implement by June 30 of the calendar year following the year in which the
5.24 rate adjustment under subdivision 1 is implemented. Documentation must be provided
5.25 in a format specified by the commissioner. Projects must:

5.26 (1) incorporate person-centered thinking into the provision of services;

5.27 (2) advance one or more of the goals adopted in the state's Olmstead plan; or

5.28 (3) for services listed in subdivision 2, clause (5) or (12), meet the requirements
5.29 of subdivision 12.

5.30 Subd. 14. **Exemptions.** (a) For services listed in subdivision 2, clauses (6) to (10)
5.31 and (13) to (26), providers are not subject to the requirements of subdivisions 12 and 13.

5.32 (b) Providers of home-delivered meals and congregate dining services are not
5.33 subject to the requirements of subdivisions 5, 12, and 13.

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

6.1 Sec. 3. Minnesota Statutes 2014, section 256B.5012, is amended by adding a
6.2 subdivision to read:

6.3 Subd. 17. **ICF/DD rate increases effective July 1, 2016.** (a) For the rate period
6.4 beginning July 1, 2016, the commissioner shall increase operating payments for each
6.5 facility reimbursed under this section equal to five percent of the operating payment rates
6.6 in effect on June 30, 2016. The five percent increase in operating payment rates shall
6.7 consist of a workforce compensation component of three percent, a quality component of
6.8 one percent, and a person-centered component of one percent.

6.9 (b) For each facility, the commissioner shall apply the rate increase based on
6.10 occupied beds, using the percentage specified in this subdivision multiplied by the total
6.11 payment rate, including the variable rate but excluding the property-related payment
6.12 rate in effect on the preceding date. The total rate increase shall include the adjustment
6.13 provided in section 256B.501, subdivision 12.

6.14 (c) Facilities that receive a rate increase under this subdivision shall use 90 percent
6.15 of the additional revenue attributed to the workforce compensation component of the
6.16 operating payment rate increase for compensation-related costs for employees directly
6.17 employed by the facility on or after July 1, 2016, except:

6.18 (1) persons employed in the central office of a corporation or entity that has an
6.19 ownership interest in the facility or exercises control over the facility; and

6.20 (2) persons paid by the facility under a management contract.

6.21 (d) Compensation-related costs include:

6.22 (1) wages and salaries;

6.23 (2) the employer's share of FICA taxes, Medicare taxes, state and federal
6.24 unemployment taxes, workers' compensation, and mileage reimbursement;

6.25 (3) the employer's share of health and dental insurance, life insurance, disability
6.26 insurance, long-term care insurance, uniform allowance, pensions, and contributions to
6.27 employee retirement accounts; and

6.28 (4) other benefits provided and workforce needs, including the recruiting and
6.29 training of employees as specified in the distribution plan required under paragraph (h).

6.30 (e) For public employees under a collective bargaining agreement, the increases for
6.31 wages and benefits for certain staff are available and pay rates must be increased only to
6.32 the extent that the increases comply with laws governing public employees' collective
6.33 bargaining. Money received by a facility under paragraph (c) for pay increases for public
6.34 employees must be used only for pay increases implemented between July 1, 2016, and
6.35 August 1, 2016.

7.1 (f) For a facility that has employees that are represented by an exclusive bargaining
7.2 representative, the provider shall obtain a letter of acceptance of the distribution plan
7.3 required under paragraph (h), relating to the members of the bargaining unit, signed by the
7.4 exclusive bargaining agent. Upon receipt of the letter of acceptance, the facility shall be
7.5 deemed to have met all the requirements of this subdivision relating to the members of
7.6 the bargaining unit. Upon request, the facility shall produce the letter of acceptance to
7.7 the commissioner.

7.8 (g) The commissioner shall amend state grant contracts that include direct
7.9 personnel-related grant expenditures to include the allocation for the portion of the
7.10 contract related to employee compensation. Grant contracts for compensation-related
7.11 services must be amended to pass through these adjustments within 60 days of the
7.12 effective date of the increase and must be retroactive to July 1, 2016.

7.13 (h) A facility that receives a rate adjustment under paragraph (a) that is subject to
7.14 paragraphs (c) and (d) shall prepare and, upon request, submit to the commissioner a
7.15 distribution plan that specifies the amount of money the facility expects to receive that is
7.16 subject to the requirements of paragraphs (c) and (d), including how that money will be
7.17 distributed to increase compensation for employees.

7.18 (i) Within six months of the effective date of the rate adjustment, the facility shall
7.19 post the distribution plan required under paragraph (h) for at least six weeks in an area
7.20 of the facility's operation to which all eligible employees have access and shall provide
7.21 instructions for employees who do not believe they have received the wage and other
7.22 compensation-related increases specified in the distribution plan. The instructions must
7.23 include a mailing address, e-mail address, and telephone number that an employee may
7.24 use to contact the commissioner or the commissioner's representative.

7.25 (j) To receive the quality component of the rate increase under paragraph (a),
7.26 a facility must submit to the commissioner documentation that identifies a quality
7.27 improvement project that the facility must implement by June 30, 2017. The project may be
7.28 a continuation or enhancement of projects developed under subdivision 16, paragraph (c).
7.29 Documentation must be provided in a format specified by the commissioner. Projects must:

7.30 (1) improve the quality of life of home and community-based services recipients in
7.31 a meaningful way;

7.32 (2) improve the quality of services in a meaningful way; or

7.33 (3) deliver good quality service more efficiently while using the savings to enhance
7.34 the services for recipients served.

7.35 (k) To receive the person-centered component of the rate increase under paragraph
7.36 (a), a facility must submit to the commissioner documentation that identifies a community

8.1 integration improvement project that the facility must implement by June 30, 2017.

8.2 Documentation must be provided in a format specified by the commissioner. Projects must:

8.3 (1) incorporate person-centered thinking into the provision of services; or

8.4 (2) advance one or more of the goals adopted in the state's Olmstead plan.

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

8.6 Sec. 4. **REVISOR'S INSTRUCTION.**

8.7 The revisor of statutes shall renumber the provisions of Minnesota Statutes listed
8.8 in column A to the references listed in column B. The revisor shall also make necessary
8.9 cross-reference changes in Minnesota Statutes and Minnesota Rules consistent with the
8.10 renumbering.

8.11	<u>Column A</u>	<u>Column B</u>
8.12	<u>256B.038</u>	<u>256B.4917</u>
8.13	<u>256B.765</u>	<u>256B.4918</u>

8.14 Sec. 5. **REPEALER.**

8.15 Minnesota Statutes 2014, section 256B.5012, subdivisions 4, 5, 6, 7, 8, 9, 10, 11,
8.16 and 14, are repealed.

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

8.18 Amend the title accordingly