

House/Administration Offer Narrative: 5/14/22, 12 PM

In the interest of reaching quick and timely agreement, the House proposal includes rate increases for disability services (DWRS) and nursing homes, at the expense of a major House and administration priority: rates under the Child Care Assistance Program. We do so even though both DWRS and Nursing Homes already benefit from automatic and regular increases (\$953 million for DWRS, \$733 million for nursing homes in total dollars across the current budget horizon) that are unavailable to CCAP and most other programs for Minnesota families.

As a further sign of good faith, this significant cut in CCAP rates (from the 75th to the 50th percentile) enables the House offer as a whole to move more than \$133 million toward the Senate position. As this is now entirely paid for with federal funds (no General Fund cost), we are not willing to move CCAP rates further.

In the absence of global leadership targets, the House/Administration is reducing their HHS budget from \$2.456 billion across three years to 2.323 billion, a decrease of almost \$133 million. The House/Administration also moved to incorporate key Senate items into the offer. This offer shows we are able to fund important items that Minnesotans rely on such as child care and provisions to reduce the cost of health care as well as respond to work force challenges in the health and human services sector.

Workforce Revitalization: This offer includes the House's position on this significant package of workforce investments, with the following modifications:

- We moved towards the Senate's spending on the PCA rate increase by adding the investments included in HF2721-1A which applies ongoing rate updates to help the PCA rate framework keep up with changes in staffing costs over time.
- To accommodate investment in the ongoing stability of the caring work force, we also reduced the amount available for workforce incentives from \$138 million to \$50 million.

DWRS Rate Increase: This offer provides an increase in DWRS, setting it at a two percentage point increase in the Competitive Workforce Factor for disability services paid for under DWRS. (This results in a total increase of \$514 million in state funds across the budget horizon when including the increases that will already occur)

Nursing Facilities Rate Increase: This offer provides an increase for nursing facilities to incorporate immediate wage increases for staff, setting it at a value to cost approximately \$50 million across the budget horizon. (This results in a total increase of \$387 million in state funds across the budget horizon when including the increase that will already occur)

Non-Emergency Transportation (NEMT) Rate Increase: This offer provides a rate increase for NEMT providers in addition to the fuel rate adjustment provided in both positions. We propose increasing the rates by 8.15%. This also includes an NEMT market rate analysis for future system improvements.

Enhanced Rate for PCA Recipients with High Needs: We accept the Senate's position on this item.

Premium Reduction for MA-EPD: We accept the Senate's position on this item, updating the fiscal tracking for the updated fiscal note costs and setting the effective date at July 1, 2023.

Supporting Drug Litigation Costs: We removed this Governor/House item.

Repeal DTH County Grants: We accept the Senate's position on this item.

Information Technology Service Delivery Transformation: We scaled back this item to \$70 million to fund the additional items in this offer.

CCAP Maximum Rate: Lastly, we scaled down the CCAP Maximum rate proposal from setting maximum rates based on the 75th percentile to the 50th percentile. This change was made to fund the additional Senate items included in this offer.