

# HOUSE RESEARCH

## Bill Summary

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**Authors:** Seifert, J. and others

**Subject:** Reimbursement rate increases for health care providers

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### Overview

This bill increases reimbursement rates for a variety of health care services. Providers covered by this bill are primarily providers of home and community-based services, but nursing facilities, ICFs/MR and some GRH rates are also covered.

On July 1, 1999 and again on July 1, 2000, this bill provides two kinds of reimbursement rate increases:

- (1) rate increases to increase nonadministrative staff salaries by 5%; and
- (2) rate increases to cover the expected increase in inflation over the fiscal year

#### **1 Provider rate increases.**

**Subd. 1. Annual rate increases; limitations.** Requires the commissioner of human services to increase reimbursement rates for the health care services listed in subdivision 3 on July 1, 1999 and July 1, 2000. The rate increases are effective for services provided on or after July 1 of each of these fiscal years.

**Subd. 2. Methodology.** Specifies the methodology for calculating the two kinds of reimbursement rate increases, employee wage increases and inflation adjustments. Requires the reimbursement rates to be increased:

by amounts that will increase the wages of the provider's nonadministrative staff by 5%;  
plus

the percentage change in the consumer price index that is forecasted for the coming fiscal year.

The forecasted measure that will be used is the Data Resources, Inc. (DRI) forecast of the consumer price index for all urban consumers (CPI-U) for all items that is made in the fourth quarter of the preceding calendar year. (For example, for the July 1, 1999 rate

increases, the CPI-U forecast from the fourth quarter of 1998 that is for the period from July 1, 1999 to June 30, 2000 will be used.)

**Subd. 3. Covered providers.** Lists the primarily home and community-based health care service providers that will receive reimbursement rate increases in FY 2000 and FY 2001:

home and community-based waived services for developmentally disabled persons

home and community-based waived services for elderly persons

waived services for chronically ill children and disabled persons

traumatic brain injury waived services

nursing services and home health services

personal care services and nursing supervision of personal care services

private-duty nursing services

day training and habilitation services for developmentally disabled adults

physical therapy services

occupational therapy services

speech-language therapy services

respiratory therapy services

dental services

alternative care services

adult residential mental health grants

community support grants for mentally ill adults; and family community support grants for mentally ill children

semi-independent living services (SILS); including SILS funding under county social services grants

mental health day treatment services

the skills training component of family community support services, provided either by a community mental health center or by another mental health professional

the skills training component of therapeutic support of foster care, provided either by a community mental health center or by another mental health professional

the skills training component of home-based mental health services for children with severe emotional disturbance who are at risk of out-of-home placement

community support services for mentally ill deaf and hard-of-hearing adults who use, or would like to use, sign language as their primary means of communication

nursing facility services, under both the cost-based reimbursement system and the contract reimbursement system

services provided in intermediate care facilities for persons with mental retardation or related conditions (ICFs/MR)

the group residential housing (GRH) supplementary services rate

**Subd. 4. Capitated rates.** Requires the commissioner to increase the capitation rates in the prepaid MA program (PMAP), the prepaid GAMC program, and the prepaid MinnesotaCare program, to reflect the rate increases in this section.

**Subd. 5. Employee wage increases.** Specifies that in order to receive the reimbursement rate increases that are designated for employee wage increases, the service provider must increase

the wages paid to its nonadministrative employees by 5% in each year of the 2000-2001 biennium.

Requires a provider that is seeking the rate increases for employee wage increases to apply to the commissioner, by submitting a plan that specifies how the rate increases will be distributed as salary adjustments for nonadministrative employees.

For providers whose employees have an exclusive bargaining representative, an agreement negotiated between the employer and the exclusive bargaining representative after July 1, 1999 or July 1, 2000 may be the employer's salary distribution plan.

Requires the commissioner to review the submitted plans, to ensure that the salary adjustment is used only to increase nonadministrative staff wages.

Requires that a provider submit its salary adjustment plan by December 31, 1999 or December 31, 2000. If a provider's plan is effective for its employees after July 1 of either year, the salary adjustment is effective the same date as the plan.

**Subd. 6. Notification from commissioner.** By the June 1st before a rate increase is scheduled to go into effect under this section, requires the commissioner to notify all providers who may receive an increase: (1) that funds are available to increase the wages paid to nonadministrative staff by 5%; and (2) what requirements must be met in order for a provider to receive funds for the salary increase.

**2 Certain rate increases for first year only.** Specifies that the reimbursement rate increases in section 1 are only provided:

(1) to nursing facilities for one year, on July 1, 1999; and

(2) to ICFs/MR for one year, on October 1, 1999.

Also provides that the rate increases for these facilities are instead of, and not in addition to, rate increases the facilities may otherwise receive during fiscal year 2000 under other provisions that are currently in statute.

**3 Effective date.** Makes section 1, subdivision 6, requiring notification from the commissioner about the availability of rate increases for salary adjustments, effective immediately.