

HOUSE RESEARCH

Bill Summary

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Overview

This bill increases reimbursement rates by six percent for each year of the next biennium for nursing facilities, ICFs/MR, and community-based providers.

Section

- 1 **Nursing facility rate increases beginning July 1, 2001, and July 1, 2002.** Amends § 256B.431, by adding subd. 31. (a) For the next two rate years, requires the commissioner to provide six percent adjustments to the total operating payment rate of nursing facilities reimbursed under the cost-based and alternative payment systems.
 - (b) Requires 80 percent of the adjustment to be used to increase wages and benefits, including health insurance, of all employees except management fees, the administrator, and central office staff, and to pay associated payroll taxes. Requires money received to be used only for wage increases implemented on or after July 1, 2001 and July 1, 2002 respectively.
 - (c) Requires ten percent of the adjustment to be used for employee recruitment, training, transportation, and administration.
 - (d) Allows ten percent of the adjustment to be used for other operating costs.
 - (e) Requires facilities to apply to the commissioner for compensation-related rate adjustments by submitting a plan on how the adjustments will be distributed. Allows agreements negotiated with a union to constitute the plan.
 - (f) Requires copies of the approved distribution plan to be made available to employees, and allows employees to contact the facility, union representatives, or the commissioner to resolve disagreements.
- 2 **ICF/MR rate increases beginning October 1, 2001, and October 1, 2002.** Amends § 256B.501, by adding subd. 14. (a) For the next two rate years, requires the commissioner to provide six percent adjustments to the total operating payment rate of ICFs/MR.

- (b) Requires 80 percent of the adjustment to be used to increase wages and benefits, including health insurance, of all employees except administrative and central office employees, and to pay associated payroll taxes. Requires money received to be used only for wage increases implemented on or after the first day of the fiscal year in which the increase is available.
- (c) Requires ten percent of the adjustment to be used for employee recruitment, training, transportation, and administration.
- (d) Allows ten percent of the adjustment to be used for other operating costs.
- (e) Provides the methodology for calculating the rate adjustment.
- (f) Provides that facilities with rates governed by closure agreements, receivership agreements, or under interim rates are not eligible for an adjustment.
- (g) Requires facilities to apply to the commissioner for compensation-related payment adjustments by submitting a plan on how the adjustment will be distributed. Allows agreements negotiated with a union to constitute the plan.
- (h) Requires copies of the approved distribution plan to be made available to employees, and allows employees to contact the facility, union representatives, or the commissioner to resolve disagreements.

3 **Provider rate increases.** (a) Requires the commissioner to increase reimbursement rates by six percent for each year of the next biennium, for specified community-based providers.

(b) Lists the community-based providers eligible for the increases.

(c) Requires providers to use at least 80 percent of the additional revenue to increase the wages and benefits, including health insurance, of all employees other than the administrator and central office staff. Requires ten percent to be used for employee recruitment, training, transportation, and administration, and ten percent for other operations costs. For public employees, provides that compensation increases shall be provided only to the extent they comply with laws governing public employees collective bargaining. Increases must be implemented on or after the first day of the fiscal year in which the increase is available.

(d) Requires copies of the approved distribution plan to be made available to employees, and allows employees to contact the provider, union representatives, or the commissioner to resolve disagreements.

4 **Appropriation.** Appropriates money from the general fund to the commissioner of human services for sections 1 to 3.