

**File Number:** H.F. 873  
**Version:** As introduced

**Date:** February 7, 2017

**Authors:** Hamilton and others

**Subject:** Home and Community-Based Services Rate Increase

**Analyst:** Danyell A. Punelli

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: [www.house.mn/hrd/](http://www.house.mn/hrd/).

### Overview

This bill increases MA reimbursement rates for intermediate care facilities for persons with developmental disabilities (ICF/DD) and various home and community-based services providers.

#### Section

**1 Disability Waiver Reimbursement Rate Adjustments.** Creates § 256B.4915.

**Subd. 1. Historical rate.** Requires the commissioner to adjust the historical rates calculated under the disability waiver rate system (DWRS) in effect during the banding period for each reimbursement rate adjustment implemented since April 1, 2014.

**Subd. 2. Disability waiver rates system.** Requires the commissioner to adjust the rates calculated for residential support services, day services, unit-based services with programming, and unit-based services without programming for each reimbursement rate adjustment implemented since April 1, 2014.

Makes this section effective the day following final enactment.

## Section

**2 Home and community-based service provider rate and grant adjustments.** Creates § 256B.4919.

**Subd. 1. Definitions.** Defines “employee,” “rates,” and “services.”

**Subd. 2. Rate and grant adjustments.** Provides a 4 percent rate increase beginning July 1, 2017, and provides a 4 percent rate increase beginning July 1, 2018.

**Subd. 3. Wage increases.** Requires a provider that receives a rate increase under subdivision 2 to increase wages for employees employed on or after the effective date of each rate increase by a percentage equal to the percent increase in rates.

**Subd. 4. Certification of wage increases.** Requires a provider that receives a rate increase under subdivision 2 to prepare and submit to the commissioner a certification that specifies that all employees received a wage increase consistent with subdivision 3. Requires providers to post a copy of the certification within six months of the effective date of each rate increase. Specifies requirements related to the posting.

**Subd. 5. Employees represented by exclusive bargaining representative.** Specifies requirements for providers who have employees who are represented by an exclusive bargaining representative.

**Subd. 6. Public employees under collective bargaining agreement.** Specifies the increases for wages are available and wages may be increased for public employees under a collective bargaining agreement, but only to the extent that the wage increases comply with laws governing public employees’ collective bargaining.

**Subd. 7. Lead agency waiver budget allocations.** Requires the commissioner to adjust home and community-based waived service budget allocations to lead agencies on the effective date of each rate adjustment to reflect the rate adjustment.

**Subd. 8. State grant contracts.** Requires the commissioner to amend state grant contracts that include direct personnel-related grant expenditures to include an increased allocation for the portion of the contract related to employee wages. Requires grant contracts for wages for direct care workers to be amended to pass through these adjustments within 60 days of the effective date of each rate adjustment and must be retroactive to its effective date.

**Subd. 9. Managed care and county-based purchasing plans.** Requires the commissioner to adjust, on the effective date of each rate adjustment, the capitation rates paid to managed care plans and county-based purchasing plans to reflect the rate adjustments for the services eligible for rate adjustments. Requires a managed care plan or county-based purchasing plan receiving state payments for these services to include the increase in their payments to providers.

**Subd. 10. Consumer-directed community supports.** Requires counties to increase the budget for each recipient of consumer-directed community supports by the amount of each rate increase on its effective date.

**Subd. 11. County and tribal contracts.** Requires county and tribal contracts for services to be amended to pass through each rate increase within 60 days of the effective date of the increase.

## Section

**Subd. 12. Direct care worker health care coverage.** For the rate period beginning July 1, 2019, and annually thereafter, requires the commissioner to increase rates for each provider reimbursed under this section in an amount equal to that provider's annualized cost to provide single health care coverage for its employees during the second most recent rate period.

Makes this section effective the day following final enactment.

- 3 ICF/DD rate increases effective July 1, 2017, and July 1, 2018.** Amends § 256B.5012, by adding subd. 17. Paragraph (a) provides for a 4 percent operating payment increase for ICFs/DD for the rate periods beginning on July 1, 2017, and July 1, 2018.

Paragraph (b) specifies how the commissioner shall apply the rate increases.

Paragraph (c) requires facilities that receive a rate increase to increase by 4 percent the wages for employees employed on or after the effective date of each rate increase. Defines "employee."

Paragraph (d) requires a facility that receives a rate increase under paragraph (a) to prepare and submit to the commissioner a certification that all employees received a wage increase consistent with the requirements of paragraph (c).

Paragraph (e) requires the facility to post a copy of the required certification within six months of the effective date of each rate increase. Specifies requirements related to the posting.

Paragraph (f) specifies requirements for a facility that has employees represented by an exclusive bargaining representative.

Paragraph (g) specifies the increases for wages are available and wages may be increased for public employees under a collective bargaining agreement, but only to the extent that the wage increases comply with laws governing public employees' collective bargaining.

Paragraph (h) requires the commissioner to amend state grant contracts that include direct personnel-related grant expenditures to include an increased allocation for the portion of the contract related to employee wages. Requires grant contracts for wages for direct care workers to be amended to pass through these adjustments within 60 days of the effective date of each rate adjustment and must be retroactive to its effective date.

Paragraph (i), for the rate period beginning July 1, 2019, and annually thereafter, requires the commissioner to increase operating payment rates for each provider reimbursed under this subdivision in an amount equal to that provider's annualized cost to provide single health care coverage for its employees during the second most recent rate period.

Makes this section effective the day following final enactment.

- 4 Revisor's instruction.** Instructs the revisor of statutes to renumber certain provisions of Minnesota Statutes related to provider rate increases and to make necessary cross-reference changes in Minnesota Statutes and Minnesota Rules consistent with the renumbering.