

# H.F. 5020

As amended by H5020DE1-2

**Subject** Supplemental Medical Education Payments

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**Date** April 8, 2024

## Overview

This bill requires the commissioner of human services to determine and pay annual medical assistance (MA) supplemental payments to eligible hospitals, for direct and indirect physician graduate medical education cost reimbursement. The bill also establishes a surcharge on teaching hospitals, with surcharge revenues to be used to pay the nonfederal share of the supplemental payments. If the surcharge is not approved by the federal government, the bill requires the commissioner to present a proposal to the legislature to finance the nonfederal share of the supplemental payments.

## Summary

Section	Description
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1	<b>Teaching hospital surcharge.</b>
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Amends § 256.9657, by adding subd. 2a. (a) Requires teaching hospitals to pay to the MA account a surcharge equal to 0.01 percent of net non-Medicare patient care revenue. Requires the initial surcharge to be paid 60 days after federal approval, and subsequent payments to be made annually as specified by the commissioner.

(b) Provides that the surcharge must be used only to pay the nonfederal share of MA supplemental payments under section 256.969, subdivision 2g, and specifies related requirements.

(c) Defines “teaching hospital” as any Minnesota hospital, except for Indian Health Service facilities and regional treatment centers, that reports a teaching hospital designation to the Centers for Medicare and Medicaid Services and is eligible for supplemental payment reimbursement.

States that this section is effective January 1, 2025, or upon federal approval of this section and the supplemental payments for medical education, whichever is later.

<b>Section</b>	<b>Description</b>
2	<p><b>Hospital payment rates.</b></p> <p>Amends § 256.969, subd. 2b. Provides that Medical Education and Research Costs (MERC) payments to hospitals through MA are subject to requirements that apply to MA supplemental medical education payments.</p> <p>States that this section is effective January 1, 2025, or upon federal approval of this section, section 256.969, subdivision 2g, and the teaching hospital surcharge, whichever is later.</p>
3	<p><b>Annual supplemental payments; direct and indirect physician graduate medical education.</b></p> <p>Amends § 256.969 by adding subd. 2g. (a) Requires the commissioner, for discharges occurring on or after January 1, 2025, to determine and pay annual supplemental payments to eligible hospitals, for direct and indirect physician graduate medical education cost reimbursement.</p> <p>(b) Specifies the information that the commissioner must use to calculate the total cost of direct graduate medical education incurred by each eligible hospital.</p> <p>(c) Allows the commissioner to obtain the information specified in paragraph (b) from a hospital, upon request, or from the hospital's most recently filed CMS-2552-10 form.</p> <p>(d) Specifies the information that the commissioner must use to calculate the total allowable indirect cost of graduate medical education incurred by each eligible hospital.</p> <p>(e) Specifies the method by which the commissioner is to determine each eligible hospital's maximum allowable Medicaid direct graduate medical education supplemental payment.</p> <p>(f) Specifies the method by which the commissioner is to determine each eligible hospital's indirect graduate medical education supplemental payment.</p> <p>(g) States that an eligible hospital's annual supplemental payment is the sum of the amounts calculated under paragraph (e) (direct payment) and paragraph (f) (indirect payment).</p> <p>(h) States that the annual supplemental payments are contingent upon federal approval and must conform with the requirements under federal law.</p> <p>(i) Provides that an eligible hospital is only eligible for payments under section 62J.692 (MERC) for nonphysician graduate medical education training costs not accounted for in the supplemental payment. Prohibits an eligible hospital from</p>

**Section Description**

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accepting MERC reimbursement for physician graduate medical education training costs that are accounted for in the supplemental payment.

(j) Defines “children’s hospital” as one designated as such under Medicare.

(k) Defines “eligible hospital” as a hospital operating in Minnesota that: (1) participates in MA; (2) has received fee-for-service MA payments in the payment year; and (3) either: (i) is eligible to receive graduate medical education payments from Medicare; or (ii) is a children’s hospital.

States that this section is effective January 1, 2025, or upon federal approval of this section, the amendment to section 256.969, subdivision 2b, and the teaching hospital surcharge, whichever is later.

**4 Contingent proposal to fund medical education.**

(a) If the Centers for Medicare and Medicaid Services do not approve the teaching hospital surcharge, requires the commissioner of human services, in cooperation with the commissioner of health, to work with a third-party consultant identified by the Health Care Workforce and Education Committee and which agrees to provide services without charge to the state, to develop a proposal to finance the nonfederal share of the MA supplemental payments for medical education.

(b) Lists requirements for the proposal.

(c) Requires the commissioner to present the proposal to the legislature, within six months of federal denial of the request by the commissioner to implement a teaching hospital surcharge.



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