

HOUSE RESEARCH

Bill Summary

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Overview

This bill increases reimbursement rates 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) Requires the commissioner to provide adjustments to the total operating payment rate of nursing facilities reimbursed under the cost-based and alternative payment systems. Requires the increases to be applied to each facility's operating rate in effect on June 30 of the prior rate year.
- (b) For the rate year beginning July 1, 2001, requires the commissioner to provide a base rate increase of \$1.00 plus an unspecified amount determined under a sliding scale, under which facilities with the lowest rates receive the largest increases. This base plus slide increase is to be used to increase the per-hour pay rate of all employees except management fees, the administrator, and central office staff by an equal dollar amount and to pay associated payroll taxes. Also requires the commissioner to provide a rate increase for all other operating costs of three percent. Requires the base plus slide increase to be used only for wage increases implemented on or after July 1, 2001.
- (c) For the rate year beginning July 1, 2002, requires the commissioner to provide a base rate increase of \$1.00 plus an unspecified amount determined under a sliding scale, under which facilities with the lowest rates receive the largest increases. This base plus slide increase is to be used to increase the per-hour pay rate of all employees except management fees, the administrator, and central office staff by an equal dollar amount and to pay associated payroll taxes. Also requires the commissioner to provide a rate increase for all other operating costs of three percent. Requires the base plus slide increase to be used only for wage increases implemented on or after July 1, 2002.

(d) Provides the methodology for allocating 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 **Alternate rates for nursing facilities.** Amends § 256B.434, subd. 4. For the rate years beginning July 1, 2001 and July 1, 2002, limits inflation adjustments for facilities in the alternative payment system to their property costs.

3 **ICF/MR rate increases beginning October 1, 2001, and October 1, 2002.** Amends § 256B.501, by adding subd. 14. (a) Requires the commissioner to provide adjustments to the total operating payment rate of ICFs/MR, using the most recent cost report. Defines compensation related costs.

(b) For the rate year beginning October 1, 2001, requires the commissioner make available rate increases of an unspecified percentage for compensation-related costs, and of an unspecified percentage for all other operating costs.

(c) For the rate year beginning October 1, 2002, requires the commissioner make available rate increases of an unspecified percentage for compensation-related costs, and of an unspecified percentage for all other operating costs.

(d) Provides the methodology for allocating the increases between cost categories.

(e) Provides that facilities with rates governed by closure agreements, receivership agreements, or under interim rates are not eligible for an adjustment.

(f) 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.

(g) 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.

(h) Requires money received under this subdivision to be used only for compensation increases implemented on or after the first day for the fiscal year in which the increase is available.

4 **Provider rate increases.** (a) Requires the commissioner to increase reimbursement rates by an unspecified percentage 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 compensation paid to employees other than the administrator and central office staff. 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.