

1.1 ..... moves to amend H.F. No. 1754 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "Section 1. Minnesota Statutes 2020, section 245A.14, subdivision 14, is amended to read:

1.4 Subd. 14. **Attendance records for publicly funded services.** (a) A child care center  
1.5 licensed under this chapter and according to Minnesota Rules, chapter 9503, must maintain  
1.6 documentation of actual attendance for each child receiving care for which the license holder  
1.7 is reimbursed by a governmental program. The records must be accessible to the  
1.8 commissioner during the program's hours of operation, they must be completed on the actual  
1.9 day of attendance, and they must include:

1.10 (1) the first and last name of the child;

1.11 (2) the time of day that the child was dropped off; and

1.12 (3) the time of day that the child was picked up.

1.13 (b) A family child care provider licensed under this chapter and according to Minnesota  
1.14 Rules, chapter 9502, must maintain documentation of actual attendance for each child  
1.15 receiving care for which the license holder is reimbursed for the care of that child by a  
1.16 governmental program. The records must be accessible to the commissioner during the  
1.17 program's hours of operation, they must be completed on the actual day of attendance, and  
1.18 they must include:

1.19 (1) the first and last name of the child;

1.20 (2) the time of day that the child was dropped off; and

1.21 (3) the time of day that the child was picked up.

1.22 (c) An adult day services program licensed under this chapter and according to Minnesota  
1.23 Rules, parts 9555.5105 to 9555.6265, must maintain documentation of actual attendance

2.1 for each adult day service recipient for which the license holder is reimbursed by a  
2.2 governmental program. The records must be accessible to the commissioner during the  
2.3 program's hours of operation, they must be completed on the actual day of attendance, and  
2.4 they must include:

2.5 (1) the first, middle, and last name of the recipient;

2.6 (2) the time of day that the recipient was dropped off; and

2.7 (3) the time of day that the recipient was picked up.

2.8 (d) ~~The commissioner shall not issue a correction for attendance record errors that occur~~  
2.9 ~~before August 1, 2013.~~ Adult day services programs licensed under this chapter that are  
2.10 designated for remote adult day services must maintain documentation of actual participation  
2.11 for each adult day service recipient for whom the license holder is reimbursed by a  
2.12 governmental program. The records must be accessible to the commissioner during the  
2.13 program's hours of operation, must be completed on the actual day service is provided, and  
2.14 must include the:

2.15 (1) first, middle, and last name of the recipient;

2.16 (2) time of day the remote services started;

2.17 (3) time of day that the remote services ended; and

2.18 (4) means by which the remote services were provided, through audio remote services  
2.19 or through audio and video remote services.

2.20 **EFFECTIVE DATE.** This section is effective January 1, 2023.

2.21 **Sec. 2. [245A.70] REMOTE ADULT DAY SERVICES.**

2.22 (a) For the purposes of sections 245A.70 to 245A.75, the following terms have the  
2.23 meanings given.

2.24 (b) "Adult day care" and "adult day services" have the meanings given in section 245A.02,  
2.25 subdivision 2a.

2.26 (c) "Remote adult day services" means an individualized and coordinated set of services  
2.27 provided via live two-way communication by an adult day care or adult day services center.

2.28 (d) "Live two-way communication" means real-time audio or audio and video  
2.29 transmission of information between a participant and an actively involved staff member.

3.1 Sec. 3. **[245A.71] APPLICABILITY AND SCOPE.**

3.2 Subdivision 1. **Licensing requirements.** Adult day care centers or adult day services  
3.3 centers that provide remote adult day services must be licensed under this chapter and  
3.4 comply with the requirements set forth in this section.

3.5 Subd. 2. **Standards for licensure.** License holders seeking to provide remote adult day  
3.6 services must submit a request in the manner prescribed by the commissioner. Remote adult  
3.7 day services must not be delivered until approved by the commissioner. The designation to  
3.8 provide remote services is voluntary for license holders. Upon approval, the designation of  
3.9 approval for remote adult day services shall be printed on the center's license, and identified  
3.10 on the commissioner's public website.

3.11 Subd. 3. **Federal requirements.** Adult day care centers or adult day services centers  
3.12 that provide remote adult day services to participants receiving alternative care under section  
3.13 256B.0913, essential community supports under section 256B.0922, or home and  
3.14 community-based services waivers under chapter 256S or section 256B.092 or 256B.49  
3.15 must comply with federally approved waiver plans.

3.16 Subd. 4. **Service limitations.** Remote adult day services must be provided during the  
3.17 days and hours of in-person services specified on the license of the adult day care center.

3.18 Sec. 4. **[245A.72] RECORD REQUIREMENTS.**

3.19 Adult day centers and adult day services centers providing remote adult day services  
3.20 must comply with participant record requirements set forth in Minnesota Rules, part  
3.21 9555.9660. The center must document how remote services will help a participant reach  
3.22 the short- and long-term objectives in the participant's plan of care.

3.23 Sec. 5. **[245A.73] REMOTE ADULT DAY SERVICES STAFF.**

3.24 Subdivision 1. **Staff ratios.** (a) A staff person who provides remote adult day services  
3.25 without two-way interactive video must only provide services to one participant at a time.

3.26 (b) A staff person who provides remote adult day services through two-way interactive  
3.27 video must not provide services to more than eight participants at one time.

3.28 Subd. 2. **Staff training.** A center licensed under section 245A.71 must document training  
3.29 provided to each staff person regarding the provision of remote services in the staff person's  
3.30 record. The training must be provided prior to a staff person delivering remote adult day  
3.31 services without supervision. The training must include:

4.1 (1) how to use the equipment, technology, and devices required to provide remote adult  
4.2 day services via live two-way communication;

4.3 (2) orientation and training on each participant's plan of care as directly related to remote  
4.4 adult day services; and

4.5 (3) direct observation by a manager or supervisor of the staff person while providing  
4.6 supervised remote service delivery sufficient to assess staff competency.

4.7 **Sec. 6. [245A.74] INDIVIDUAL SERVICE PLANNING.**

4.8 Subdivision 1. **Eligibility.** (a) A person must be eligible for and receiving in-person  
4.9 adult day services to receive remote adult day services from the same provider. The same  
4.10 provider must deliver both in-person adult day services and remote adult day services to a  
4.11 participant.

4.12 (b) The license holder must update the participant's plan of care according to Minnesota  
4.13 Rules, part 9555.9700.

4.14 (c) For a participant who chooses to receive remote adult day services, the license holder  
4.15 must document in the participant's plan of care the participant's proposed schedule and  
4.16 frequency for receiving both in-person and remote services. The license holder must also  
4.17 document in the participant's plan of care that remote services:

4.18 (1) are chosen as a service delivery method by the participant or legal representative;

4.19 (2) will meet the participant's assessed needs;

4.20 (3) are provided within the scope of adult day services; and

4.21 (4) will help the participant achieve identified short and long-term objectives specific  
4.22 to the provision of remote adult day services.

4.23 Subd. 2. **Participant daily service limitations.** In a 24-hour period, a participant may  
4.24 receive:

4.25 (1) a combination of in-person adult day services and remote adult day services on the  
4.26 same day but not at the same time;

4.27 (2) a combination of in-person and remote adult day services that does not exceed 12  
4.28 hours in total; and

4.29 (3) up to six hours of remote adult day service.

4.30 Subd. 3. **Minimum in-person requirement.** A participant who receives remote services  
4.31 must receive services in-person as assigned in the participant's plan of care at least quarterly.

5.1 Sec. 7. [245A.75] SERVICE AND PROGRAM REQUIREMENTS.

5.2 Remote adult day services must be in the scope of adult day services provided in  
 5.3 Minnesota Rules, part 9555.9710, subparts 3 to 7.

5.4 **EFFECTIVE DATE.** This section is effective January 1, 2023.

5.5 Sec. 8. Minnesota Statutes 2020, section 256R.02, subdivision 4, is amended to read:

5.6 Subd. 4. **Administrative costs.** "Administrative costs" means the identifiable costs for  
 5.7 administering the overall activities of the nursing home. These costs include salaries and  
 5.8 wages of the administrator, assistant administrator, business office employees, security  
 5.9 guards, purchasing and inventory employees, and associated fringe benefits and payroll  
 5.10 taxes, fees, contracts, or purchases related to business office functions, licenses, permits  
 5.11 except as provided in the external fixed costs category, employee recognition, travel including  
 5.12 meals and lodging, all training except as specified in subdivision 17, voice and data  
 5.13 communication or transmission, office supplies, property and liability insurance and other  
 5.14 forms of insurance except insurance that is a fringe benefit under subdivision 22, personnel  
 5.15 recruitment, legal services, accounting services, management or business consultants, data  
 5.16 processing, information technology, website, central or home office costs, business meetings  
 5.17 and seminars, postage, fees for professional organizations, subscriptions, security services,  
 5.18 nonpromotional advertising, board of directors fees, working capital interest expense, bad  
 5.19 debts, bad debt collection fees, and costs incurred for travel and ~~housing~~ lodging for persons  
 5.20 employed by a Minnesota-registered supplemental nursing services agency as defined in  
 5.21 section 144A.70, subdivision 6.

5.22 Sec. 9. Minnesota Statutes 2020, section 256R.02, subdivision 17, is amended to read:

5.23 Subd. 17. **Direct care costs.** "Direct care costs" means costs for the wages of nursing  
 5.24 administration, direct care registered nurses, licensed practical nurses, certified nursing  
 5.25 assistants, trained medication aides, employees conducting training in resident care topics  
 5.26 and associated fringe benefits and payroll taxes; services from a Minnesota-registered  
 5.27 supplemental nursing services agency up to the maximum allowable charges under section  
 5.28 144A.74, excluding associated lodging and travel costs; supplies that are stocked at nursing  
 5.29 stations or on the floor and distributed or used individually, including, but not limited to:  
 5.30 rubbing alcohol or alcohol swabs, applicators, cotton balls, incontinence pads, disposable  
 5.31 ice bags, dressings, bandages, water pitchers, tongue depressors, disposable gloves, enemas,  
 5.32 enema equipment, personal hygiene soap, medication cups, diapers, ~~plastic waste bags,~~  
 5.33 sanitary products, disposable thermometers, hypodermic needles and syringes, ~~clinical~~

6.1 ~~reagents or similar diagnostic agents, drugs that are not paid~~ not payable on a separate fee  
 6.2 schedule by the medical assistance program or any other payer, and ~~technology related~~  
 6.3 clinical software costs specific to the provision of nursing care to residents, such as electronic  
 6.4 charting systems; costs of materials used for resident care training, and training courses  
 6.5 outside of the facility attended by direct care staff on resident care topics; and costs for  
 6.6 nurse consultants, pharmacy consultants, and medical directors. Salaries and payroll taxes  
 6.7 for nurse consultants who work out of a central office must be allocated proportionately by  
 6.8 total resident days or by direct identification to the nursing facilities served by those  
 6.9 consultants.

6.10 Sec. 10. Minnesota Statutes 2020, section 256R.02, subdivision 18, is amended to read:

6.11 Subd. 18. **Employer health insurance costs.** "Employer health insurance costs" means  
 6.12 premium expenses for group coverage; and actual expenses incurred for self-insured plans,  
 6.13 including reinsurance; actual claims paid, stop-loss premiums, plan fees, and employer  
 6.14 contributions to employee health reimbursement and health savings accounts. Actual costs  
 6.15 of self-insurance plans must not include any allowance for future funding unless the plan  
 6.16 meets the Medicare requirements for reporting on a premium basis when the Medicare  
 6.17 regulations define the actual costs. Premium and expense costs and contributions are  
 6.18 allowable for (1) all employees and (2) the spouse and dependents of those employees who  
 6.19 are employed on average at least 30 hours per week.

6.20 Sec. 11. Minnesota Statutes 2020, section 256R.02, subdivision 19, is amended to read:

6.21 Subd. 19. **External fixed costs.** "External fixed costs" means costs related to the nursing  
 6.22 home surcharge under section 256.9657, subdivision 1; licensure fees under section 144.122;  
 6.23 family advisory council fee under section 144A.33; scholarships under section 256R.37;  
 6.24 planned closure rate adjustments under section 256R.40; consolidation rate adjustments  
 6.25 under section 144A.071, subdivisions 4c, paragraph (a), clauses (5) and (6), and 4d;  
 6.26 single-bed room incentives under section 256R.41; property taxes, special assessments, and  
 6.27 payments in lieu of taxes; employer health insurance costs; quality improvement incentive  
 6.28 payment rate adjustments under section 256R.39; performance-based incentive payments  
 6.29 under section 256R.38; special dietary needs under section 256R.51; ~~rate adjustments for~~  
 6.30 ~~compensation-related costs for minimum wage changes under section 256R.49 provided~~  
 6.31 ~~on or after January 1, 2018;~~ Public Employees Retirement Association employer costs; and  
 6.32 border city rate adjustments under section 256R.481.

7.1 Sec. 12. Minnesota Statutes 2020, section 256R.02, subdivision 29, is amended to read:

7.2 Subd. 29. **Maintenance and plant operations costs.** "Maintenance and plant operations  
7.3 costs" means the costs for the salaries and wages of the maintenance supervisor, engineers,  
7.4 heating-plant employees, and other maintenance employees and associated fringe benefits  
7.5 and payroll taxes. It also includes identifiable costs for maintenance and operation of the  
7.6 building and grounds, including, but not limited to, fuel, electricity, plastic waste bags,  
7.7 medical waste and garbage removal, water, sewer, supplies, tools, and repairs, and minor  
7.8 equipment not requiring capitalization under Medicare guidelines.

7.9 Sec. 13. Minnesota Statutes 2020, section 256R.02, is amended by adding a subdivision  
7.10 to read:

7.11 Subd. 32a. **Minor equipment.** "Minor equipment" means equipment that does not qualify  
7.12 as either fixed equipment or depreciable movable equipment defined in section 256R.261.

7.13 Sec. 14. Minnesota Statutes 2020, section 256R.02, subdivision 42a, is amended to read:

7.14 Subd. 42a. **Real estate taxes.** "Real estate taxes" means the real estate tax liability shown  
7.15 on the annual property tax ~~statement~~ statements of the nursing facility for the reporting  
7.16 period. The term does not include personnel costs or fees for late payment.

7.17 Sec. 15. Minnesota Statutes 2020, section 256R.02, subdivision 48a, is amended to read:

7.18 Subd. 48a. **Special assessments.** "Special assessments" means the actual special  
7.19 assessments and related interest paid during the reporting period that are not voluntary costs.  
7.20 The term does not include personnel costs ~~or~~, fees for late payment, or special assessments  
7.21 for projects that are reimbursed in the property rate.

7.22 Sec. 16. Minnesota Statutes 2020, section 256R.02, is amended by adding a subdivision  
7.23 to read:

7.24 Subd. 53. **Vested.** "Vested" means the existence of a legally fixed unconditional right  
7.25 to a present or future benefit.

7.26 Sec. 17. Minnesota Statutes 2020, section 256R.07, subdivision 1, is amended to read:

7.27 Subdivision 1. **Criteria.** A nursing facility ~~shall~~ must keep adequate documentation. In  
7.28 order to be adequate, documentation must:

7.29 (1) be maintained in orderly, well-organized files;

8.1 (2) not include documentation of more than one nursing facility in one set of files unless  
8.2 transactions may be traced by the commissioner to the nursing facility's annual cost report;

8.3 (3) include a paid invoice or copy of a paid invoice with date of purchase, vendor name  
8.4 and address, purchaser name and delivery destination address, listing of items or services  
8.5 purchased, cost of items purchased, account number to which the cost is posted, and a  
8.6 breakdown of any allocation of costs between accounts or nursing facilities. If any of the  
8.7 information is not available, the nursing facility ~~shall~~ must document its good faith attempt  
8.8 to obtain the information;

8.9 (4) include contracts, agreements, amortization schedules, mortgages, other debt  
8.10 instruments, and all other documents necessary to explain the nursing facility's costs or  
8.11 revenues; ~~and~~

8.12 (5) include signed and dated position descriptions; and

8.13 (6) be retained by the nursing facility to support the five most recent annual cost reports.  
8.14 The commissioner may extend the period of retention if the field audit was postponed  
8.15 because of inadequate record keeping or accounting practices as in section 256R.13,  
8.16 subdivisions 2 and 4, the records are necessary to resolve a pending appeal, or the records  
8.17 are required for the enforcement of sections 256R.04; 256R.05, subdivision 2; 256R.06,  
8.18 subdivisions 2, 6, and 7; 256R.08, subdivisions 1 ~~to~~ and 3; and 256R.09, subdivisions 3 and  
8.19 4.

8.20 Sec. 18. Minnesota Statutes 2020, section 256R.07, subdivision 2, is amended to read:

8.21 Subd. 2. **Documentation of compensation.** Compensation for personal services,  
8.22 regardless of whether treated as identifiable costs or costs that are not identifiable, must be  
8.23 documented on payroll records. Payrolls must be supported by time and attendance or  
8.24 equivalent records for individual employees. Salaries and wages of employees which are  
8.25 allocated to more than one cost category must be supported by time distribution records.  
8.26 ~~The method used must produce a proportional distribution of actual time spent, or an accurate~~  
8.27 ~~estimate of time spent performing assigned duties. The nursing facility that chooses to~~  
8.28 ~~estimate time spent must use a statistically valid method. The compensation must reflect~~  
8.29 ~~an amount proportionate to a full-time basis if the services are rendered on less than a~~  
8.30 ~~full-time basis. Salary allocations are allowable using the Medicare-approved allocation~~  
8.31 basis and methodology only if the salary costs cannot be directly determined, including  
8.32 when employees provide shared services to noncovered operations.

9.1 Sec. 19. Minnesota Statutes 2020, section 256R.07, subdivision 3, is amended to read:

9.2 Subd. 3. **Adequate documentation supporting nursing facility payrolls.** Payroll  
9.3 records supporting compensation costs claimed by nursing facilities must be supported by  
9.4 affirmative time and attendance records prepared by each individual at intervals of not more  
9.5 than one month. The requirements of this subdivision are met when documentation is  
9.6 provided under either clause (1) or (2) ~~as follows:~~

9.7 (1) the affirmative time and attendance record must identify the individual's name; the  
9.8 days worked during each pay period; the number of hours worked each day; and the number  
9.9 of hours taken each day by the individual for vacation, sick, and other leave. The affirmative  
9.10 time and attendance record must include a signed verification by the individual and the  
9.11 individual's supervisor, if any, that the entries reported on the record are correct; or

9.12 (2) if the affirmative time and attendance records identifying the individual's name, the  
9.13 days worked each pay period, the number of hours worked each day, and the number of  
9.14 hours taken each day by the individual for vacation, sick, and other leave are ~~placed on~~  
9.15 ~~microfilm stored electronically~~, equipment must be made available for viewing and printing  
9.16 ~~them, or if the records are stored as automated data, summary data must be available for~~  
9.17 ~~viewing and printing the records.~~

9.18 Sec. 20. Minnesota Statutes 2020, section 256R.08, subdivision 1, is amended to read:

9.19 Subdivision 1. **Reporting of financial statements.** (a) No later than February 1 of each  
9.20 year, a nursing facility ~~shall~~ must:

9.21 (1) provide the state agency with a copy of its audited financial statements or its working  
9.22 trial balance;

9.23 (2) provide the state agency with a statement of ownership for the facility;

9.24 (3) provide the state agency with separate, audited financial statements or working trial  
9.25 balances for every other facility owned in whole or in part by an individual or entity that  
9.26 has an ownership interest in the facility;

9.27 (4) upon request, provide the state agency with separate, audited financial statements or  
9.28 working trial balances for every organization with which the facility conducts business and  
9.29 which is owned in whole or in part by an individual or entity which has an ownership interest  
9.30 in the facility;

9.31 (5) provide the state agency with copies of leases, purchase agreements, and other  
9.32 documents related to the lease or purchase of the nursing facility; and

10.1 (6) upon request, provide the state agency with copies of leases, purchase agreements,  
 10.2 and other documents related to the acquisition of equipment, goods, and services which are  
 10.3 claimed as allowable costs.

10.4 (b) Audited financial statements submitted under paragraph (a) must include a balance  
 10.5 sheet, income statement, statement of the rate or rates charged to private paying residents,  
 10.6 statement of retained earnings, statement of cash flows, notes to the financial statements,  
 10.7 audited applicable supplemental information, and the public accountant's report. Public  
 10.8 accountants must conduct audits in accordance with chapter 326A. The cost of an audit  
 10.9 ~~shall~~ must not be an allowable cost unless the nursing facility submits its audited financial  
 10.10 statements in the manner otherwise specified in this subdivision. A nursing facility must  
 10.11 permit access by the state agency to the public accountant's audit work papers that support  
 10.12 the audited financial statements submitted under paragraph (a).

10.13 (c) Documents or information provided to the state agency pursuant to this subdivision  
 10.14 ~~shall~~ must be public unless prohibited by the Health Insurance Portability and Accountability  
 10.15 Act or any other federal or state regulation. Data, notes, and preliminary drafts of reports  
 10.16 created, collected, and maintained by the audit offices of government entities, or persons  
 10.17 performing audits for government entities, and relating to an audit or investigation are  
 10.18 confidential data on individuals or protected nonpublic data until the final report has been  
 10.19 published or the audit or investigation is no longer being pursued actively, except that the  
 10.20 data must be disclosed as required to comply with section 6.67 or 609.456.

10.21 (d) If the requirements of paragraphs (a) and (b) are not met, the reimbursement rate  
 10.22 may be reduced to 80 percent of the rate in effect on the first day of the fourth calendar  
 10.23 month after the close of the reporting period and the reduction ~~shall~~ must continue until the  
 10.24 requirements are met.

10.25 Sec. 21. Minnesota Statutes 2020, section 256R.09, subdivision 2, is amended to read:

10.26 Subd. 2. **Reporting of statistical and cost information.** All nursing facilities ~~shall~~ must  
 10.27 provide information annually to the commissioner on a form and in a manner determined  
 10.28 by the commissioner. The commissioner may separately require facilities to submit in a  
 10.29 manner specified by the commissioner documentation of statistical and cost information  
 10.30 included in the report to ensure accuracy in establishing payment rates and to perform audit  
 10.31 and appeal review functions under this chapter. The commissioner may also require nursing  
 10.32 facilities to provide statistical and cost information for a subset of the items in the annual  
 10.33 report on a semiannual basis. Nursing facilities ~~shall~~ must report only costs directly related  
 10.34 to the operation of the nursing facility. The facility ~~shall~~ must not include costs which are

11.1 separately reimbursed or reimbursable by residents, medical assistance, or other payors.  
 11.2 Allocations of costs from central, affiliated, or corporate office and related organization  
 11.3 transactions shall be reported according to sections 256R.07, subdivision 3, and 256R.12,  
 11.4 subdivisions 1 to 7. The commissioner shall not grant facilities extensions to the filing  
 11.5 deadline.

11.6 Sec. 22. Minnesota Statutes 2020, section 256R.09, subdivision 5, is amended to read:

11.7 Subd. 5. **Method of accounting.** The accrual method of accounting in accordance with  
 11.8 generally accepted accounting principles is the only method acceptable for purposes of  
 11.9 satisfying the reporting requirements of this chapter. If a governmentally owned nursing  
 11.10 facility demonstrates that the accrual method of accounting is not applicable to its accounts  
 11.11 and that a cash or modified accrual method of accounting more accurately reports the nursing  
 11.12 facility's financial operations, the commissioner shall permit the governmentally owned  
 11.13 nursing facility to use a cash or modified accrual method of accounting. For reimbursement  
 11.14 purposes, the accrued expense must be paid by the providers within 180 days following the  
 11.15 end of the reporting period. An expense disallowed by the commissioner under this section  
 11.16 in any cost report period must not be claimed by a provider on a subsequent cost report.  
 11.17 Specific exemptions to the 180-day rule may be granted by the commissioner for documented  
 11.18 contractual arrangements such as receivership, property tax installment payments, and  
 11.19 pension contributions.

11.20 Sec. 23. Minnesota Statutes 2020, section 256R.13, subdivision 4, is amended to read:

11.21 Subd. 4. **Extended record retention requirements.** The commissioner shall extend the  
 11.22 period for retention of records under section 256R.09, subdivision 3, for purposes of  
 11.23 performing field audits as necessary to enforce sections 256R.04; 256R.05, subdivision 2;  
 11.24 256R.06, subdivisions 2, 6, and 7; 256R.08, subdivisions 1 ~~to~~ and 3; and 256R.09,  
 11.25 subdivisions 3 and 4, with written notice to the facility postmarked no later than 90 days  
 11.26 prior to the expiration of the record retention requirement.

11.27 Sec. 24. Minnesota Statutes 2020, section 256R.16, subdivision 1, is amended to read:

11.28 Subdivision 1. **Calculation of a quality score.** (a) The commissioner shall determine  
 11.29 a quality score for each nursing facility using quality measures established in section  
 11.30 256B.439, according to methods determined by the commissioner in consultation with  
 11.31 stakeholders and experts, and using the most recently available data as provided in the  
 11.32 Minnesota Nursing Home Report Card. These methods ~~shall~~ must be exempt from the  
 11.33 rulemaking requirements under chapter 14.

12.1 (b) For each quality measure, a score ~~shall~~ must be determined with the number of points  
 12.2 assigned as determined by the commissioner using the methodology established according  
 12.3 to this subdivision. The determination of the quality measures to be used and the methods  
 12.4 of calculating scores may be revised annually by the commissioner.

12.5 (c) The quality score ~~shall~~ must include up to 50 points related to the Minnesota quality  
 12.6 indicators score derived from the minimum data set, up to 40 points related to the resident  
 12.7 quality of life score derived from the consumer survey conducted under section 256B.439,  
 12.8 subdivision 3, and up to ten points related to the state inspection results score.

12.9 (d) The commissioner, in cooperation with the commissioner of health, may adjust the  
 12.10 formula in paragraph (c), or the methodology for computing the total quality score, ~~effective~~  
 12.11 ~~July 1 of any year~~, with five months advance public notice. In changing the formula, the  
 12.12 commissioner shall consider quality measure priorities registered by report card users, advice  
 12.13 of stakeholders, and available research.

12.14 Sec. 25. Minnesota Statutes 2020, section 256R.17, subdivision 3, is amended to read:

12.15 Subd. 3. **Resident assessment schedule.** (a) Nursing facilities ~~shall~~ must conduct and  
 12.16 submit case mix classification assessments according to the schedule established by the  
 12.17 commissioner of health under section 144.0724, subdivisions 4 and 5.

12.18 (b) The case mix classifications established under section 144.0724, subdivision 3a,  
 12.19 ~~shall~~ must be effective the day of admission for new admission assessments. The effective  
 12.20 date for significant change assessments ~~shall~~ must be the assessment reference date. The  
 12.21 effective date for annual and quarterly assessments ~~shall~~ and significant corrections  
 12.22 assessments must be the first day of the month following assessment reference date.

12.23 Sec. 26. Minnesota Statutes 2020, section 256R.26, subdivision 1, is amended to read:

12.24 Subdivision 1. **Determination of limited undepreciated replacement cost.** A facility's  
 12.25 limited URC is the lesser of:

12.26 (1) the facility's recognized URC from the appraisal; or

12.27 (2) the product of (i) the number of the facility's licensed beds three months prior to the  
 12.28 beginning of the rate year, (ii) the construction cost per square foot value, and (iii) 1,000  
 12.29 square feet.

13.1 Sec. 27. Minnesota Statutes 2020, section 256R.261, subdivision 13, is amended to read:

13.2 Subd. 13. **Equipment allowance per bed value.** The equipment allowance per bed  
13.3 value is \$10,000 adjusted annually for rate years beginning on or after January 1, 2021, by  
13.4 the percentage change indicated by the urban consumer price index for Minneapolis-St.  
13.5 Paul, as published by the Bureau of Labor Statistics (series ~~1967=100~~ 1982-84=100) for  
13.6 the two previous Julys. The computation for this annual adjustment is based on the data that  
13.7 is publicly available on November 1 immediately preceding the start of the rate year.

13.8 Sec. 28. Minnesota Statutes 2020, section 256R.37, is amended to read:

13.9 **256R.37 SCHOLARSHIPS.**

13.10 ~~(a) For the 27-month period beginning October 1, 2015, through December 31, 2017,~~  
13.11 ~~the commissioner shall allow a scholarship per diem of up to 25 cents for each nursing~~  
13.12 ~~facility with no scholarship per diem that is requesting a scholarship per diem to be added~~  
13.13 ~~to the external fixed payment rate to be used:~~

13.14 ~~(1) for employee scholarships that satisfy the following requirements:~~

13.15 ~~(i) scholarships are available to all employees who work an average of at least ten hours~~  
13.16 ~~per week at the facility except the administrator, and to reimburse student loan expenses~~  
13.17 ~~for newly hired registered nurses and licensed practical nurses, and training expenses for~~  
13.18 ~~nursing assistants as specified in section 144A.611, subdivisions 2 and 4, who are newly~~  
13.19 ~~hired; and~~

13.20 ~~(ii) the course of study is expected to lead to career advancement with the facility or in~~  
13.21 ~~long-term care, including medical care interpreter services and social work; and~~

13.22 ~~(2) to provide job-related training in English as a second language.~~

13.23 ~~(b) All facilities may annually request a rate adjustment under this section by submitting~~  
13.24 ~~information to the commissioner on a schedule and in a form supplied by the commissioner.~~  
13.25 ~~The commissioner shall allow a scholarship payment rate equal to the reported and allowable~~  
13.26 ~~costs divided by resident days.~~

13.27 ~~(c) In calculating the per diem under paragraph (b), the commissioner shall allow costs~~  
13.28 ~~related to tuition, direct educational expenses, and reasonable costs as defined by the~~  
13.29 ~~commissioner for child care costs and transportation expenses related to direct educational~~  
13.30 ~~expenses.~~

14.1 ~~(d) The rate increase under this section is an optional rate add-on that the facility must~~  
14.2 ~~request from the commissioner in a manner prescribed by the commissioner. The rate~~  
14.3 ~~increase must be used for scholarships as specified in this section.~~

14.4 ~~(e) For instances in which a rate adjustment will be 15 cents or greater, nursing facilities~~  
14.5 ~~that close beds during a rate year may request to have their scholarship adjustment under~~  
14.6 ~~paragraph (b) recalculated by the commissioner for the remainder of the rate year to reflect~~  
14.7 ~~the reduction in resident days compared to the cost report year.~~

14.8 (a) The commissioner shall provide a scholarship per diem rate calculated using the  
14.9 criteria in paragraphs (b) to (d). The per diem rate must be based on the allowable costs the  
14.10 facility paid for employee scholarships for any eligible employee, except the facility  
14.11 administrator, who works an average of at least ten hours per week in the licensed nursing  
14.12 facility building when the facility has paid expenses related to:

14.13 (1) an employee's course of study that is expected to lead to career advancement with  
14.14 the facility or in the field of long-term care;

14.15 (2) an employee's job-related training in English as a second language;

14.16 (3) the reimbursement of student loan expenses for newly hired registered nurses and  
14.17 licensed practical nurses; and

14.18 (4) the reimbursement of training, testing, and associated expenses for newly hired  
14.19 nursing assistants as specified in section 144A.611, subdivisions 2 and 4. The reimbursement  
14.20 of nursing assistant expenses under this clause is not subject to the ten-hour minimum work  
14.21 requirement under this paragraph.

14.22 (b) Allowable scholarship costs include: tuition, student loan reimbursement, other direct  
14.23 educational expenses, and reasonable costs for child care and transportation expenses directly  
14.24 related to education, as defined by the commissioner.

14.25 (c) The commissioner shall provide a scholarship per diem rate equal to the allowable  
14.26 scholarship costs divided by resident days. The commissioner shall compute the scholarship  
14.27 per diem rate annually and include the scholarship per diem rate in the external fixed costs  
14.28 payment rate.

14.29 (d) When the resulting scholarship per diem rate is 15 cents or more, nursing facilities  
14.30 that close beds during a rate year may request to have the scholarship rate recalculated. This  
14.31 recalculation is effective from the date of the bed closure through the remainder of the rate  
14.32 year and reflects the estimated reduction in resident days compared to the previous cost  
14.33 report year.

15.1 (e) Facilities seeking to have the facility's scholarship expenses recognized for the  
 15.2 payment rate computation in section 256R.25 may apply annually by submitting information  
 15.3 to the commissioner on a schedule and in a form supplied by the commissioner.

15.4 Sec. 29. Minnesota Statutes 2020, section 256R.39, is amended to read:

15.5 **256R.39 QUALITY IMPROVEMENT INCENTIVE PROGRAM.**

15.6 The commissioner shall develop a quality improvement incentive program in consultation  
 15.7 with stakeholders. The annual funding pool available for quality improvement incentive  
 15.8 payments ~~shall~~ must be equal to 0.8 percent of all operating payments, not including any  
 15.9 rate components resulting from equitable cost-sharing for publicly owned nursing facility  
 15.10 program participation under section 256R.48, critical access nursing facility program  
 15.11 participation under section 256R.47, or performance-based incentive payment program  
 15.12 participation under section 256R.38. ~~For the period from October 1, 2015, to December 31,~~  
 15.13 ~~2016, rate adjustments provided under this section shall be effective for 15 months. Beginning~~  
 15.14 ~~January 1, 2017, An annual rate adjustments~~ adjustment provided under this section ~~shall~~  
 15.15 must be effective for one rate year.

15.16 Sec. 30. **REPEALER.**

15.17 Minnesota Statutes 2020, sections 245A.03, subdivision 5; 256R.08, subdivision 2; and  
 15.18 256R.49, and Minnesota Rules, part 9555.6255, are repealed."

15.19 Amend the title as follows:

15.20 Page 1, line 3, delete everything after the semicolon

15.21 Page 1, line 4, delete "or legal partner" and insert "establishing and defining remote and  
 15.22 in-person adult day services"

15.23 Correct the title numbers accordingly