Overview

This bill establishes a local system needs planning process for ICFs/MR and makes changes in the performance-based contract system scheduled to take effect October 1, 2000. The bill also continues the modified spend-up limit and other provisions found in session laws through the rate year beginning October 1, 1999.

1 Determinations; redeterminations. Amends § 252.28, subd. 1. Exempts residential services for persons with developmental disabilities from the determination of need process. Also exempts changes of ownership from this process.

2 ICF/MR local system needs planning. Adds § 252.282. Establishes a local system needs planning process for ICFs/MR.

Subd. 1. Host county responsibility. Requires counties, in collaboration with the commissioner and ICF/MR providers, to complete a local system needs planning process for each ICF/MR facility by May 15, 2000, and by July 1 every two years thereafter. The process must determine the need for ICF/MR services by program type, location, demographics, and size. Requires more frequent planning if the needs or preferences of consumers change. Requires the local system needs plan to be amended whenever recommendations for modifications are made to the host county.

Subd. 2. Consumers needs and preferences. Establishes requirements for counties to follow when conducting the local system needs planning process.

Subd. 3. Recommendations. Requires the host county to make recommendations by May 15, 2000, and by July 1 every two years thereafter beginning in 2001. Requires recommendations involving rate increases and adjustments to be submitted to the statewide advisory committee, and recommendations on other matters to be submitted to the commissioner.

Subd. 4. Statewide advisory committee. Requires the commissioner to appoint a five-member statewide advisory committee to review and recommend requests for facility rate adjustments.
Specifies requirements for the committee.

**Subd. 5. Responsibilities of the commissioner.** Requires the commissioner to: (1) ensure that services recognize the preferences and needs of persons with developmental disabilities; (2) publish notices announcing the opportunity to submit requests for rate adjustments; (3) designate system funding parameters; and (4) contract with ICF/MR providers.

**3 In general.** Amends § 256B.5011, subd. 1. Effective October 1, 2000, requires the commissioner to index each facility's operating payment rate under the new ICF/MR contracting system, rather than the total rate. Strikes a reference to "performance based" contracting.

**4 Contract provisions.** Amends § 256B.5011, subd. 2. Removes the requirement that contracts under the new system include provisions for monitoring service quality and replaces the requirement for reporting statistical information on staffing with a more general requirement to report statistical information. Requires the commissioner to recommend to the legislature by January 15, 2000 whether contracts should include service quality monitoring.

**5 ICF/MR payment system implementation.** Adds § 256B.5012. Establishes requirements for a new ICF/MR payment system.

**Subd. 1. Total payment rate.** Specifies the components of the total payment rate and states that the initial rate year is to run from October 1, 2000 through December 31, 2001, with subsequent rate years coinciding with the calendar year.

**Subd. 2. Operating payment rate.** Specifies that the operating payment rate is the facility's total payment rate in effect on September 30, 2000, minus the property rate. Requires the rate to be adjusted annually for inflation, and to be adjusted effective October 1, 2000 to reflect an occupancy rate of 100 percent of capacity days.

**Subd. 3. Property payment rate.** Specifies that the property payment rate effective October 1, 2000 is the rate in effect on September 30, 2000. Effective October 1, 2000, sets a minimum rate of $8.13, and provides inflation adjustments of zero, one, or two percent, based on the property rate in effect on September 30, 2000.

**6 Payment rate adjustments.** Adds § 256B.5013. Specifies the conditions for payment rate adjustments.

**Subd. 1. Variable rate adjustments.** Establishes the procedures for counties to approve enhanced rates for individuals. Also requires the commissioner to recommend to the legislature by January 15, 2000 a methodology to use profile groups based on the functional characteristics of residents to determine variable rates.

**Subd. 2. Other payment rate adjustments.** Allows facilities to submit requests for adjustments in total payment rates to the statewide advisory committee and allows counties, with authorization from the committee, to adjust rates.

**Subd. 3. Relocation.** Establishes procedures for determining rates for relocated facilities.

**Subd. 4. Temporary rate adjustments to address occupancy and access.** Requires the commissioner to adjust the total payment rate if a facility is operating at less than 100 percent of occupancy or if a resident is discharged, but prohibits the use of this mechanism to pay for hospital or therapeutic leave days beyond the maximums. Requires adjustments exceeding 90 days to be submitted to the statewide advisory committee.

**7 Financial reporting.** Adds § 256B.5014. Requires facilities to maintain financial records and provide annual income and expense reports to the commissioner. Specifies contents of the reports.

**8 Pass-through of training and habilitation services costs.** Adds § 256B.5015. Requires training and habilitation costs to be paid for on a pass-through basis.
ICF/MR reimbursement effective October 1, 1999. Extends the modified spend-up limit and exemption from the high-cost limit found in session laws to the rate year beginning October 1, 1999, and also exempts certain facilities from the spend-up limit. (Without this provision, the spend-up and high-cost limits in section 256B.501, subd. 5b would take effect October 1, 1999.)

Repealer. Repeals the following sections of statute: 144.0723 (client reimbursement classifications), 256B.5011, subd. 3 (ICF/MR rate setting effective October 1, 2000), and 256B.501, subd. 3g (assessment of clients; repeal effective October 1, 2000).