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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. 427

January 29, 2007

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The bill was read for the first time and referred to the Committee on Health and Human Services

1.1 A bill for an act
1.2 relating to human services; adjusting medical assistance operating payment
1.3 rates for low-payment rate nursing facilities; appropriating money; amending
1.4 Minnesota Statutes 2006, section 256B.434, by adding a subdivision.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2006, section 256B.434, is amended by adding a
1.7 subdivision to read:

1.8 Subd. 19. **Adjustment for low-payment rate facilities.** (a) For the rate year
1.9 beginning October 1, 2007, the commissioner shall adjust operating payment rates for
1.10 low-payment rate nursing facilities reimbursed under this section and licensed under
1.11 chapter 144A, in accordance with this subdivision.

1.12 (b) The commissioner shall determine a value for an operating payment rate with
1.13 a RUGS index of 1.00, such that the cost to increase the operating payment rate for all
1.14 nursing facilities with operating payment rates less than that value by an amount equal
1.15 to 50 percent of the difference between their operating payment rate with a RUGS index
1.16 equal to 1.00 and the value determined under this paragraph not to exceed an increase of
1.17 six percent of a facility's operating payment rate with a RUGS index equal to 1.00, does
1.18 not exceed the amount appropriated for this purpose.

1.19 (c) Effective September 30, 2007, the commissioner shall identify all nursing
1.20 facilities with operating payment rates with a RUGS index equal to 1.00, that are less
1.21 than the value determined in paragraph (b).

1.22 (d) Effective September 30, 2007, the commissioner shall provide each nursing
1.23 facility identified in paragraph (c) with an increase in their operating payment rate with a
1.24 RUGS index of 1.00 that is equal to 50 percent of the difference between their operating

2.1 payment rate with a RUGS index equal to 1.00, and the value determined in paragraph
2.2 (b), but not to exceed an increase of six percent of the operating payment rate with a
2.3 RUGS index equal to 1.00.

2.4 (e) The commissioner shall apportion the amount of the RUGS index equal to 1.00
2.5 computed in paragraph (d) between case mix and noncase mix per diems in proportion to
2.6 the amounts in effect on September 30, 2007. The commissioner shall multiply the case
2.7 mix portion by the RUGS indices and add the noncase mix portion to that product to
2.8 determine the other RUGS operating rates.

2.9 (f) The rate adjustment provided in paragraph (d) shall be added after the rate
2.10 adjustments provided under sections 256B.431, subdivision 41, and 256B.441, subdivision
2.11 46.

2.12 **Sec. 2. APPROPRIATION.**

2.13 \$4,500,000 in the fiscal year beginning July 1, 2007, and \$4,500,000 in the fiscal
2.14 year beginning July 1, 2008, is appropriated from the general fund to the commissioner
2.15 of human services to provide rate adjustments to low-payment rate nursing facilities
2.16 under section 1.